

KENANGA KLCI DAILY (-1X) INVERSE ETF

ANNUAL REPORT

For the Financial Period From 20 December 2019 (date of commencement) to 31 December 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**)
Imran Devindran Abdullah (**Independent Director**)
Ismitz Matthew De Alwis
Norazian Ahmad Tajuddin (**Independent Director**)

Investment Committee

Syed Zafilen Syed Alwee (**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
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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 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 31 December 2020

Size of holdings	No. of unit holders	No. of units held
Less than 100	-	-
100 - 1,000	3	2,000
1,001 - 10,000	3	14,500
10,001 - 100,000	2	62,300
100,001 - < 5% *	1	921,200
> = 5% *	-	-
Total	9	1,000,000

5% * - 5% of the units in circulation

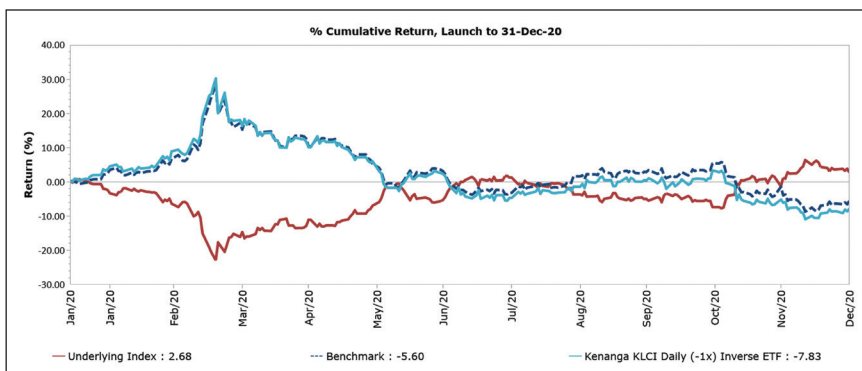
2. MANAGER'S REPORT

2.1 Explanation on whether the Fund has achieved its investment objective

The Fund achieved its stated investment objective by aiming to provide investment results that closely correspond to the daily performance of the Benchmark. However, for a period longer than one (1) Business Day, the pursuit of a daily investment objective resulted in daily compounding of the Fund. As such, the Fund's performance did not track the cumulative Benchmark return for the period under review that was greater than one (1) Business Day. Nevertheless, the Fund will continue to be managed in a manner to fulfil its stated investment objective.

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

Performance Chart Since Launch (20/12/2019 – 31/12/2020)
Kenanga KLCI Daily (-1x) Inverse ETF



Source: Lipper

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

The Fund adopted a futures-based replication investment strategy to achieve the investment objective of the Fund. The Fund invested directly in the Index Futures, subject to the rebalancing and rolling strategy below, to obtain the required exposure to the Benchmark.

To ensure that the Fund's daily exposure to the Benchmark is consistent with the Fund's investment objective, the Fund rebalanced its portfolio on a daily basis, decreasing exposure in response to the Benchmark's daily gains or increasing exposure in response to the Benchmark's daily losses. To ensure that the Fund continues to have the required exposure to the Benchmark, the Fund adopted rolling strategy by closing out existing futures position in the spot month and entering into the forward month before the last trading day of the spot month.

2.4 The Fund's asset allocation as at 31 December 2020

Asset	31 Dec 2020
Listed derivatives	0.9%
Cash in margin account	22.0%
Short term deposits and cash	77.1%

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

	Period under review 20 Dec 2019 - 31 Dec 2020
Kenanga KLCI Daily (-1x) Inverse ETF	-7.83%
FTSE Bursa Malaysia KLCI Daily Short (Price) Index	-5.40%

Source: Lipper

For the financial period under review, the Fund underperformed its benchmark returns by 2.43% during the same period.

2.6 Review of the market

Market review

Global markets including Malaysia took a breather following U.S. airstrike killing Iran's top military commander and COVID-19 virus outbreak in China in January 2020. This was followed by a sharp sell-off amid rising concerns over the impact of COVID-19 virus on economic activities and global growth. Sentiment quickly turned for the worse, as the virus spread exponentially in Europe and US, which prompted the World Health Organization to declare a global pandemic on 11 March 2020. As more and more countries implemented lockdown measures to contain the outbreak, concerns over economic recession and liquidity tightness triggered a sharp correction across financial markets. Additionally, the breakdown of OPEC and Russia's talks to extend oil production cuts on the 6 March 2020, and Saudi Arabia's subsequent decision to increase output led to a downward spiral in oil price to as low as USD19.3 per barrel, the lowest level since 2003. Global central banks and governments announced a slew of monetary and fiscal measures to mitigate impact from the virus outbreak. Following aggressive easing by global central banks and massive fiscal stimulus unleashed by governments, equity markets rebounded starting in April albeit the high volatility and despite the continued increase in daily new virus cases globally. Global markets turned risk-on mode from November as investors welcomed the prospect of a Biden presidency with a split congress and the positive news of Pfizer and BioNTech's COVID-19 vaccine result. Investors continued to position into the COVID-19 recovery play in the market in December.

Locally, BNM cut the Overnight Policy Rate by 125 basis points (bps) in total to 1.75% during the period under review. BNM also reduced Statutory Reserve Requirement ratio from 3% to 2% and launched a six-month loan moratorium to banks' retail and SME customers since April 2020. The Government had announced cumulative COVID-19 stimulus measures of RM305 billion or 21.5% of GDP since April to mitigate potential economic downturn. The political scene locally continues to evolve and remains fluid.

The FBM KLCI commenced the period under review at 1,588.76 points and dropped to the lowest level of 1,219.72 points on 19 March 2020. The FBM KLCI subsequently rose to the highest level of 1,684.58 on 11 December 2020 before closing at 1,627.21 on 31 December 2020. In 2020, Malaysia witnessed net foreign outflow of RM24.6 billion for the equity market, which exceeded 2019's net foreign selling of RM11 billion, amid rising concerns over the impact of the COVID-19 virus on economic activities and global growth, as well as due to the uninspiring corporate results and local political turmoil.

2.6 Review of the market (contd.)

Market outlook

The global economy is projected to recover in 2021 after activities in most economies declined in 2020 as a result of the COVID-19 pandemic-induced slowdown. Improving macro-economic fundamentals, ample liquidity, strong corporate earnings, potential foreign fund flows back to emerging markets and bullish sentiment due to the availability of COVID-19 vaccines all point to strong equity market performance in the near to medium term.

In addition, the low interest rate environment is expected to push investors to hunt for higher returns. With interest rates close to the bottom, fixed income investors could be compelled to start switching to equities. Nevertheless, resurgence of global and domestic COVID-19 virus cases and lockdown will remain as the biggest threat to the economic recovery process beside other issues such as rising protectionism, geopolitical tension, political instability and volatility in commodity prices.

Locally, the Malaysian economy is expected to continue its path to recovery in 2021, underpinned by improvements in global demand, as well as the turnaround in public and private sector spending amid continued policy support. Meanwhile, domestic political uncertainties would continue to weigh on sentiment and foreign investors' interest.

2.7 Distributions

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 were 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.

2.10 Circumstances that materially affect any interests of the unit holders

There were no circumstances that materially affected 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. During the financial period under review, the Manager received soft commissions from its stockbrokers.

2.12 Cross-trade

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

3. FUND PERFORMANCE

3.1 Details of portfolio composition of the Fund for the financial period as at 31 December 2020 is as follows:

a. Distribution among industry sectors and category of investments:

	As at 31.12.2020 %
Listed derivatives	0.9
Cash in margin account	22.0
Short term deposits and cash	77.1
	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 derivatives, short term deposits and cash instruments only.

c. Weightings of the top 10 constituents of the Underlying Index as at 31 December 2020

Rank	Constituent	Index Weight (%)
1	Public Bank Bhd	12.24
2	Malayan Banking Bhd	9.74
3	Tenaga Nasional Bhd	7.80
4	Top Glove Corp Bhd	6.35
5	CIMB Group Holdings Bhd	5.77
6	Petronas Chemicals Group Bhd	4.03
7	Hartalega Holdings Bhd	3.43
8	Sime Darby Plantation Bhd	3.42
9	Axiata Group Bhd	3.33
10	IHH Healthcare Bhd	3.14

Source: Bloomberg

3.2 Performance details of the Fund for financial period ended 31 December 2020 is as follows:

	20.12.2019 (date of commencement) to 31.12.2020
Total asset value (RM Million) ¹	1.85
Net asset value ("NAV") (RM Million)	1.84
Units in circulation (Million)	1.00
NAV per unit (RM)	1.8434
Highest NAV per unit (RM)	2.6037
Lowest NAV per unit (RM)	1.7815
Listed price (RM) ¹	1.8450
Highest listed price (RM)	2.6700
Lowest listed price (RM)	1.8450
Total return (%)	-7.83
- Capital growth (%)	-7.83
- Income growth (%)	-
Gross distribution per unit (sen)	-
Net distribution per unit (sen)	-
Management expense ratio ("MER") (%) ²	0.87
Portfolio turnover ratio ("PTR") (times) ³	13.81
Tracking error	1.20

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.

- 1. As at 31 December 2020, the Fund has a total net asset value of RM1.85 million and 1 million units in circulation. The Fund commenced the period under review at a net asset value per unit and a listed price of RM2.0000. A slew of market events such as the US airstrike killing Iraq's top military commander, Covid-19 virus outbreak in China, the breakdown of OPEC and Russia's talk to extend oil production cut, and the declaration of global pandemic by World Health Organisation triggered selloff across financial markets that include KLCI. The market trended negatively that caused a rise in the Fund's net asset per unit to the highest level of RM2.6037. Following aggressive easing by global central banks and massive fiscal stimulus unleashed by governments, equity markets including KLCI rebounded starting in April. With a positive market trend, the Fund's net asset value per unit dropped to the lowest level of RM1.7815 before closing the period under review at RM1.8434. Similarly, the listed price rose to the highest level of RM2.6700 amid the aforesaid negative market trend before closing the period under review at RM1.8450 following the recovery of the market.*
- 2. 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.*
- 3. PTR is computed based on the average of the total acquisitions and total disposals of 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 - 31 Dec 20
Kenanga KLCI Daily (-1x) Inverse ETF	-7.83%
FTSE Bursa Malaysia KLCI Daily Short (Price) Index	-5.40%

Source: Lipper

3.4 Annual total return of the Fund

	Since Inception 20 Dec 19 - 31 Dec 20
Kenanga KLCI Daily (-1x) Inverse ETF	-7.83%
FTSE Bursa Malaysia KLCI Daily Short (Price) Index	-5.40%

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 KLCI DAILY (-1X) INVERSE ETF

We have acted as Trustee of Kenanga KLCI Daily (-1x) Inverse ETF ("the Fund") for the financial period from 20 December 2019 (date of commencement) to 31 December 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

TONY CHIENG SIONG UNG
Director

Kuala Lumpur, Malaysia

12 March 2021

5. INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDER OF KENANGA KLCI DAILY (-1X) INVERSE ETF

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kenanga KLCI Daily (-1x) Inverse ETF ("the Fund"), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows of the Fund for the financial period from 20 December 2019 (date of commencement) to 31 December 2020, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 14 to 39.

In our opinion, the accompanying financial statements, give a true and fair view of the financial position of the Fund as at 31 December 2020 and of its financial performance and cash flows for the financial period from 20 December 2019 (date of commencement) to 31 December 2020 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Fund for the current period. These matters were addressed in the context of our audit of the financial statements of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

5. INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDER OF KENANGA KLCI DAILY (-1X) INVERSE ETF (CONTD.)

Key audit matters (contd.)

Listed derivatives at fair value through profit or loss

Description

The investment portfolio of the Fund includes listed KLCI Index futures derivatives for investors with a bearish view of the market and who are seeking for a 1x inversed exposure to the companies of the underlying KLCI Index. Accordingly, the investment portfolio comprised listed derivatives at fair value through profit or loss valued at RM15,500 as at 31 December 2020. The related net loss on the portfolio was RM166,725 for the financial period from 20 December 2019 (date of commencement) to 31 December 2020.

The valuation, existence and measurement of the listed derivatives at fair value through profit or loss is the key driver of the Fund's net asset value and investment return. Incorrect pricing of listed derivatives or improper monitoring of the total amount of open future contract positions by the Fund could have a significant impact on its net asset value and, therefore, the return generated for unit holders.

The Fund's accounting policy on the listed derivatives at fair value through profit or loss is included in Note 3(c), and its disclosures about the fair values of the investments held at the period-end are included in Notes 4 and 18 to the financial statements.

Our responses

Our audit work included, but was not restricted to, understanding the Manager of the Fund's processes and controls for the listed derivatives at fair value through profit or loss in order to assess compliance with relevant accounting standards and performing walkthrough procedures to understand the operating effectiveness of relevant controls over the listed derivatives at fair value through profit or loss.

We agreed the valuation and measurement of the listed derivatives at fair value through profit or loss as at and for the period-end by independently agreeing the price used in the valuation and settlement of the listed derivatives at fair value through profit or loss to the quoted price and multiplier effects as published by the relevant stock exchange.

We obtained confirmation of the existence of the listed derivatives at fair value through profit or loss as at the period-end directly from the Fund's broker.

We also reviewed the adequacy of the disclosures on the listed derivatives at fair value through profit or loss in the Fund's financial statements.

Information other than the financial statements and auditors' report thereon

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

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

5. INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDER OF KENANGA KLCI DAILY (-1X) INVERSE ETF (CONTD.)

Information other than the financial statements and auditors' report thereon (contd.)

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

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

Responsibilities of the Manager and the Trustee for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

5. INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDER OF KENANGA KLCI DAILY (-1X) INVERSE ETF (CONTD.)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other matters

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

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

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

Kuala Lumpur, Malaysia

12 March 2021

6. STATEMENT BY THE MANAGER

I, Ismitz Matthew De Alwis, being a director of Kenanga Investors Berhad, do hereby state that, in the opinion of the Manager, the accompanying statement of financial position as at 31 December 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 31 December 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 31 December 2020 and of its financial performance and cash flows for the financial period from 20 December 2019 (date of commencement) to 31 December 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

12 March 2021

7. FINANCIAL STATEMENTS

7.1 STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 20 DECEMBER 2019 (DATE OF COMMENCEMENT) TO 31 DECEMBER 2020

	Note	20.12.2019 (date of commencement) to 31.12.2020 RM
INVESTMENT INCOME		
Interest income		32,978
Net loss from investments:		
- Financial assets at fair value through profit or loss ("FVTPL")	4	<u>(166,725)</u>
		<u>(133,747)</u>
EXPENSES		
Manager's fee	5	9,901
Trustee's fee	6	792
Index license fees	7	1,069
Administration expenses		5,719
Brokerage and other transaction costs		<u>5,397</u>
		<u>22,878</u>
NET LOSS BEFORE TAX		(156,625)
Income tax	9	<u>-</u>
NET LOSS AFTER TAX, REPRESENTING TOTAL COMPREHENSIVE LOSSES FOR THE FINANCIAL PERIOD		<u>(156,625)</u>
Net loss after tax comprises the following:		
Realised loss		(172,125)
Unrealised gain	4	<u>15,500</u>
		<u>(156,625)</u>

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

**7.2 STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	31.12.2020 RM
ASSETS		
INVESTMENTS		
Financial assets at FVTPL	4	15,500
Short term deposits	10	<u>1,410,000</u>
		<u>1,425,500</u>
OTHER ASSETS		
Other receivables	11	4,741
Cash in margin account	12	405,702
Cash at bank		<u>10,220</u>
		<u>420,663</u>
TOTAL ASSETS		<u>1,846,163</u>
LIABILITIES		
Amount due to Manager		1,254
Amount due to Trustee		405
Amount due to Index Provider		1,069
Other payable		<u>60</u>
TOTAL LIABILITIES		<u>2,788</u>
EQUITY		
Unit holders' contribution		2,000,000
Accumulated losses		<u>(156,625)</u>
NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS	13	<u>1,843,375</u>
TOTAL LIABILITIES AND EQUITY		<u>1,846,163</u>
NUMBER OF UNITS IN CIRCULATION	13(a)	<u>1,000,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.8434</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 20 DECEMBER 2019 (DATE OF COMMENCEMENT)
TO 31 DECEMBER 2020**

	Note	Unit holders' contribution RM	Accumulated losses RM	Total NAV RM
20.12.2019 (date of commencement) to 31.12.2020				
At date of commencement		-	-	-
Total comprehensive losses		-	(156,625)	(156,625)
Creation of units	13(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>(156,625)</u>	<u>1,843,375</u>

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

**7.4 STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 20 DECEMBER 2019 (DATE OF COMMENCEMENT)
TO 31 DECEMBER 2020**

**20.12.2019
(date of
commencement)
to 31.12.2020
RM**

**CASH FLOWS FROM OPERATING AND INVESTING
ACTIVITIES**

Interest received	32,737
Trustee's fee paid	(387)
Brokerage fee paid to financial institution	(5,397)
Manager's fee paid	(8,647)
Payment for other fees and expenses	(10,159)
Net loss from financial assets at FVTPL	(182,225)
Deposits to margin account	<u>(405,702)</u>
Net cash used in operating and investing activities	<u>(579,780)</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 1,420,220

CASH AND CASH EQUIVALENTS AT DATE OF COMMENCEMENT -

CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD 1,420,220

Cash and cash equivalents comprise:

Cash at bank	10,220
Short term deposits	<u>1,410,000</u>
	<u>1,420,220</u>

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

7.5 NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 20 DECEMBER 2019 (DATE OF COMMENCEMENT) TO 31 DECEMBER 2020

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 (“the Manager”) and RHB Trustees Berhad (“the Trustee”). 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 from 13 January 2020 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, as provided by FTSE International Limited (“the Index Provider”). 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.

The financial statements were authorised for issue by the Chief Executive Officer of the Manager on 12 March 2021.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

a. Market risk

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

Market risk arises when the value of the investments fluctuates in response to the activities of individual companies, general market or economic conditions. It stems from the fact that there are other 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* %
31.12.2020				
Assets				
Financial assets at				
FVTPL	-	15,500	15,500	
Short term				
deposits	1,410,000	-	1,410,000	1.7
Cash in margin				
account	405,702	-	405,702	0.5
Other assets	-	14,961	14,961	
	<u>1,815,702</u>	<u>30,461</u>	<u>1,846,163</u>	
Liabilities				
Other liabilities	-	2,728	2,728	
Total interest rate sensitivity gap	<u>1,815,702</u>	<u>27,733</u>	<u>1,843,435</u>	

* Calculated based on assets with exposure to interest rate movement 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 derivatives. The Fund invests in listed derivatives 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 loss for the financial period due to a reasonably possible change in investments in listed derivatives, with all other variables held constant is indicated in the table below:

	Changes in price Increase/(Decrease) Basis points	Effects on loss for the financial period (Loss)/Gain RM
31.12.2020		
Financial assets at FVTPL	<u>5/(5)</u>	<u>(897)/897</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 RM	Percentage of NAV %
31.12.2020		
Financial assets at FVTPL	<u>15,500</u>	<u>0.8</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.

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.

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

b. Credit risk (contd.)

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

Short term deposits

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 these financial assets by rating category:

	Percentage of total short term deposits %	Percentage of NAV %
31.12.2020		
P1	<u>100.0</u>	<u>76.5</u>

Margin account

As the Fund invests in listed derivatives, the cash in margin account represents margin deposits held in respect of the open exchange-traded futures contracts. The following table analyses these financial assets by rating category:

	Percentage of total margin account %	Percentage of NAV %
31.12.2020		
Not rated	<u>100.0</u>	<u>22.0</u>

c. Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are to be settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or cancel its units earlier than expected. The Fund is exposed to cancellation of its units on a regular basis. Units sold to unit holders by the Manager are cancellable at the unit holders' option based on the Fund's NAV per unit at the time of cancellation calculated in accordance with the Deed.

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

c. Liquidity risk (contd.)

The liquid assets comprise cash at bank, short term deposits with licensed financial institutions and other 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 31.12.2020 RM
Assets		
Financial assets at FVTPL		15,500
Short term deposits		1,410,000
Other assets		<u>420,663</u>
	i.	<u>1,846,163</u>
Liabilities		
Other liabilities	ii.	<u>2,728</u>
Equity	iii.	<u>1,843,375</u>
Liquidity gap		<u>60</u>

i. Financial assets

Analysis of financial assets at FVTPL into maturity groupings is based on the expected date on which these assets will be realised. The Fund's investments in listed derivatives have been included in the "up to 1 year" category on the assumption that these are highly liquid investments which can be realised should all of the Fund's unit holders' equity be required to be redeemed. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date on which the assets will be realised.

ii. Financial liabilities

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

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

c. Liquidity risk (contd.)

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”.

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 quarterly 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 new and amended MFRS and Interpretation Committee’s (“IC”) Interpretation, which became effective for the Fund on 20 December 2019.

Description	Effective for financial period beginning on or after
<i>Amendments to MFRS contained in the document entitled “Annual Improvements to MFRS Standards 2015 - 2017 Cycle”</i>	1 January 2019
<i>Amendments to MFRS 3 and MFRS 11: Previously Held Interest in a Joint Operation contained in the document entitled “Annual Improvements to MFRS Standards 2015 - 2017 Cycle”</i>	1 January 2019
<i>Amendments to MFRS 112: Income Tax Consequences of Payments on Financial Instruments Classified as Equity contained in the document entitled “Annual Improvements to MFRS Standards 2015 - 2017 Cycle”</i>	1 January 2019
<i>Amendments to MFRS 123: Borrowing Costs Eligible for Capitalisation contained in the document entitled “Annual Improvements to MFRS Standards 2015 - 2017 Cycle”</i>	1 January 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

a. Basis of accounting (contd.)

Description	Effective for financial period beginning on or after
MFRS 16: <i>Leases</i>	1 January 2019
Amendments to MFRS 9: <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 119: <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 128: <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
IC Interpretation 23: <i>Uncertainty over Income Tax Treatments</i>	1 January 2019

The adoption of the new and amended MFRS and IC Interpretation 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 Standards and 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 in the respective financial periods.

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

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
Amendment to IC Interpretation 12: <i>Service Concession Arrangements</i>	1 January 2020
Amendment to IC Interpretation 19: <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2020
Amendments to IC Interpretation 20: <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2020
Amendment to IC Interpretation 22: <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2020
Amendments to IC Interpretation 132: <i>Intangible Assets - Web Site Costs</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to MFRS 16: <i>Covid-19-Related Rent Concessions</i>	1 June 2020
Amendments to MFRS 4: <i>Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendments to MFRS contained in the document entitled " <i>Annual Improvements to MFRS Standards 2018 - 2020 Cycle</i> "	1 January 2022
Amendments to MFRS 1: <i>Subsidiary as a First-time Adopter contained in the document entitled "Annual Improvements to MFRS Standards 2018 - 2020 Cycle"</i>	1 January 2022
Amendments to MFRS 9: <i>Fees in the '10 per cent' Test for Derecognition of Financial Liabilities contained in the document entitled "Annual Improvements to MFRS Standards 2018 - 2020 Cycle"</i>	1 January 2022
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

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 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 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be announced by MASB

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

c. Financial instruments

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

i. Initial recognition

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

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.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

c. Financial instruments (contd.)

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

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

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

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

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

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

The details of these conditions are outlined below.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

c. Financial instruments (contd.)

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

Business model assessment (contd.)

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

The SPPI test

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

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

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

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

iv. Financial investments

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

d. Derecognition of financial assets (contd.)

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

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

e. Offsetting of financial assets and liabilities

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

f. Impairment of financial assets

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

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

ii. Write-offs

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

g. Income

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

Interest income is recognised using the effective interest method.

The realised gain or loss from investment in listed derivatives is measured by the net settlement amount as per the future contracts.

h. Cash and cash equivalents

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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

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

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

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

l. Functional and presentation currency

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

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 judgement 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

The Fund invests in listed derivatives – 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.

	31.12.2020
	RM
Financial assets held for trading, at FVTPL:	
Listed derivatives - KLCI futures contracts	<u>15,500</u>
	20.12.2019
	(date of
	commencement)
	to 31.12.2020
	RM
Net loss on financial assets at FVTPL comprised:	
Realised loss on disposals	(182,225)
Unrealised changes in fair values	<u>15,500</u>
	<u>(166,725)</u>

There were 22 futures contracts with notional principal amount of RM 1,793,000 that remain outstanding as at 31 December 2020.

5. MANAGER'S FEE

The Manager's fee is calculated on a daily basis at a rate not exceeding 3.00% per annum of the NAV of the Fund as provided under Division 15.1 of the Deed.

The Manager is currently calculated at 0.50% per annum of the NAV of the Fund.

6. TRUSTEE'S FEE

The Trustee's fee is calculated on a daily basis at a rate not exceeding 0.10% per annum of the NAV of the Fund as provided under Division 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 licence fee is calculated based on the NAV accrued daily for every quarter and is payable to the Index Provider.

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

8. AUDITORS' REMUNERATION, TAX AGENT'S FEE AND OTHER ADMINISTRATION EXPENSES

The auditors' remuneration, tax agent's fee and certain other administration expenses for the current financial period were borne by the Manager.

9. INCOME TAX

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

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 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 31.12.2020 RM
Net loss before tax	<u>(156,625)</u>
Tax at Malaysian statutory tax rate of 24%	(37,590)
Tax effect of:	
Income not subject to tax	(11,635)
Loss not deductible for tax purposes	43,734
Expenses not deductible for tax purposes	3,115
Restriction on tax deductible expenses for exchange traded fund	<u>2,376</u>
Income tax for the financial period	<u>-</u>

10. SHORT TERM DEPOSITS

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

11. OTHER RECEIVABLES

	31.12.2020
	RM
Interest receivable from short term deposits	64
Interest receivable from margin account	177
Registrar security deposits	4,500
	<u>4,741</u>

12. CASH IN MARGIN ACCOUNT

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

13. NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS

NAV attributable to unit holders is represented by:

	Note	31.12.2020
		RM
Unit holders' contribution		<u>2,000,000</u>
<u>Accumulated losses:</u>		
Realised deficits		(172,125)
Unrealised reserves		<u>15,500</u>
		<u>(156,625)</u>
		<u>1,843,375</u>

(a) Unit holders' contribution

	20.12.2019 (date of commencement) to 31.12.2020	
	No. of units	RM
At date of commencement	-	-
Add: Creation of units	<u>1,000,000</u>	<u>2,000,000</u>
At end 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, and other parties related to the Manager as at 31 December 2020 were nil.

14. PORTFOLIO TURNOVER RATIO (“PTR”)

PTR for the financial period from 20 December 2019 (date of commencement) to 31 December 2020 is 13.81 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.

15. MANAGEMENT EXPENSE RATIO (“MER”)

MER for the financial period from 20 December 2019 (date of commencement) to 31 December 2020 is 0.87% 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.

16. 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>56,542,207</u>	<u>100.0</u>	<u>5,397</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).

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.

17. 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 other liquid assets. The following table provides an analysis of the Fund's revenue, results, assets and liabilities by business segments:

	Listed derivatives RM	Other investments RM	Total RM
20.12.2019 (date of commencement) to 31.12.2020			
Revenue			
Segment (loss)/income	(166,725)	32,978	
Segment expenses	<u>(5,397)</u>	<u>-</u>	
Net segment (loss)/income representing segment results	<u>(172,122)</u>	<u>32,978</u>	(139,144)
Unallocated expenditure			<u>(17,481)</u>
Loss before tax			(156,625)
Income tax			<u>-</u>
Net loss after tax			<u>(156,625)</u>
31.12.2020			
Assets			
Financial assets at FVTPL	15,500	-	
Short term deposits	-	1,410,000	
Other segment asset	<u>-</u>	<u>64</u>	
Total segment assets	<u>15,500</u>	<u>1,410,064</u>	1,425,564
Unallocated assets			<u>420,599</u>
			<u>1,846,163</u>
Liabilities			
Unallocated liabilities			<u>2,788</u>

b. Geographical segments

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

18. FINANCIAL INSTRUMENTS

a. Classification of financial instruments

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

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

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Other financial liabilities RM	Total RM
31.12.2020				
Assets				
Listed derivatives	15,500	-	-	15,500
Short term deposits	-	1,410,000	-	1,410,000
Other receivables	-	4,741	-	4,741
Cash in margin account	-	405,702	-	405,702
Cash at bank	-	10,220	-	10,220
	<u>15,500</u>	<u>1,830,663</u>	<u>-</u>	<u>1,846,163</u>
Liabilities				
Amount due to Manager	-	-	1,254	1,254
Amount due to Trustee	-	-	405	405
Amount due to Index Provider	-	-	1,069	1,069
	<u>-</u>	<u>-</u>	<u>2,728</u>	<u>2,728</u>

18. FINANCIAL INSTRUMENTS (CONTD.)

b. Financial instruments that are carried at fair value

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Investment:				
31.12.2020				
Listed derivatives	15,500	-	-	15,500

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.

19. 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 financial period.

20. COMPARATIVES

There are no comparative amounts presented as this is the Fund's first set of financial statements since its commencement date on 20 December 2019.

21. SIGNIFICANT EVENT

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

While the Fund is not able to fully ascertain on the financial impact of the COVID-19 outbreak at the date of this report, it is anticipated based on initial assessments performed, that there have not been any circumstances that would require adjustments to be made to the carrying values of the assets and liabilities of the Fund as at 31 December 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.

8. DIRECTORS' PROFILE

Name	Datuk Syed Ahmad Alwee Alsree
Age	54
Gender	Male
Nationality	Singaporean, Permanent Resident of Malaysia
Position	Chairman/Non-Independent Non-Executive Director
Date of Appointment	11 October 2006 (Non-Independent Non-Executive Director) 1 January 2008 (Chairman)
Membership of Board Committee(s)	Nil
Directorship of Other Public Companies	<ul style="list-style-type: none"> • Kenanga Investment Bank Berhad • Kenanga Islamic Investors Berhad • SIG Gases Berhad
Length of Tenure as Director (As at 31 December 2020)	14 years and 2 months
Number of Board Meetings Attended in the Financial Year (January 2020 to December 2020)	6/6
Academic Qualifications	<ul style="list-style-type: none"> • Bachelor of Laws (LL.B.) Degree from the National University of Singapore • Attended and completed the Advanced Management Program at Harvard Business School, United States of America
Present Appointments	<ul style="list-style-type: none"> • Deputy Chairman/ Non-Independent Non-Executive Director, Kenanga Investment Bank Berhad (“KIBB”) • Member of the Group Governance, Nomination & Compensation Committee (formerly known as Group Nomination & Remuneration Committee), KIBB • Member of the Employees’ Share Scheme Committee, KIBB • Non-Independent Non-Executive Director of Kenanga Islamic Investors Berhad • Non-Executive Director of SIG Gases Berhad • Chairman/ Director of several private limited companies
Experience	<ul style="list-style-type: none"> • Non-Independent Non-Executive of KKB Engineering Berhad • Group Executive Director of Cahya Mata Sarawak Berhad (“CMS”) • Deputy Group Managing Director of CMS • Group General Manager – Human Resources of CMS • Practised law in Singapore for over ten (10) years prior to joining CMS

Name	Datuk Syed Ahmad Alwee Alsree
Family relationship with any Director and/or major shareholder	Nil
Conflict of interest with the Fund	Nil
List of convictions for offences within the last five (5) years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, other than traffic offences	Nil

Name	Syed Zafilen Syed Alwee
Age	54
Gender	Male
Nationality	Malaysian
Position	Independent Non-Executive Director
Date of Appointment	12 May 2008
Membership of Board Committee(s)	<ul style="list-style-type: none"> • Chairman of the Audit and Risk Committee • Member of the Investment Committee
Directorship of Other Public Companies	<ul style="list-style-type: none"> • Libra Invest Berhad
Length of Tenure as Director (As at 31 December 2020)	12 years and 7 months
Number of Board Meetings Attended in the Financial Year (January 2020 to December 2020)	6/6
Academic Qualification	Diploma in Electrical Engineering, Universiti Teknologi Malaysia
Present Appointments	<ul style="list-style-type: none"> • Independent Non-Executive Director of Libra Invest Berhad • Member of the Investment Committee of Libra Invest Berhad
Experience	<ul style="list-style-type: none"> • Executive Director of Grass2Route Sdn Bhd • Executive Director of CBERTEC Systems Sdn Bhd • Group Chief Executive Officer of CMS I-Systems Berhad • Co-Owner and Chief Executive Officer of EST Telecommunication Sdn Bhd • Sales Director of Commverg Solution Ltd • Senior Sales Manager of Lucent Technologies International (Brunei) Ltd • General Manager, Lit Yan Holdings Berhad • Sales Manager, Datasphere (M) Sdn Bhd • Sales Executive of Patimas Computers Berhad • Production Supervisor of Motorola Malaysia Sdn Bhd • Production Supervisor of Motorola Malaysia Sdn Bhd

Name	Datuk Syed Ahmad Alwee Alsree
Experience (contd)	<ul style="list-style-type: none"> • Production Supervisor of Capetronic Malaysia Corporation Sdn Bhd • Training Manager of Mobil Malaysia Sdn Bhd • Sales Executive, Transforma Sdn Bhd
Family relationship with any Director and/or major shareholder	Nil
Conflict of interest with the Fund	Nil
List of convictions for offences within the last five (5) years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, other than traffic offences	Nil

Name	Imran Devindran Abdullah
Age	54
Gender	Male
Nationality	Malaysian
Position	Independent Non-Executive Director
Date of Appointment	1 June 2015
Membership of Board Committee(s)	<ul style="list-style-type: none"> • Member of the Audit and Risk Committee • Member of the Investment Committee
Directorship of Other Public Companies	<ul style="list-style-type: none"> • Libra Invest Berhad
Length of Tenure as Director (As at 31 December 2020)	5 years and 6 months
Number of Board Meetings Attended in the Financial Year (January 2020 to December 2020)	6/6
Academic Qualifications	<ul style="list-style-type: none"> • Admitted to the Malaysian Bar, High Court Malaya • Certificate of Legal Practice, University of Malaya • Honours Bachelor of Law (1988), University of Buckingham, England • GCE A-Levels, Raffles Junior College, Singapore
Present Appointments	<ul style="list-style-type: none"> • Independent Non-Executive Director of Libra Invest Berhad • Member of the Investment Committee of Libra Invest Berhad • Senior Associate of BH Lawrence & Co, Advocates and Solicitor
Experience	<ul style="list-style-type: none"> • Partner in Imran Shahareen & Co. • Legal Assistant of Messrs. Miranda & Co. • Legal Assistant of Dass, Jainab & Associate • Legal Assistant of Messrs. Riza, Leong & Partners

Name	Imran Devindran Abdullah
Family relationship with any Director and/or major shareholder	Nil
Conflict of interest with the Fund	Nil
List of convictions for offences within the last five (5) years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, other than traffic offences	Nil

Name	Norazian Ahmad Tajuddin
Age	60
Gender	Female
Nationality	Malaysian
Position	Independent Non-Executive Director
Date of Appointment	1 March 2019
Membership of Board Committee(s)	<ul style="list-style-type: none"> • Member of the Audit and Risk Committee • Member of the Investment Committee
Directorship of Other Public Companies	<ul style="list-style-type: none"> • Pacific & Orient Insurance Co. Bhd, a subsidiary of Pacific & Orient Berhad • Kenanga Investment Bank Berhad
Length of Tenure as Director (As at 31 December 2020)	1 year and 9 months
Number of Board Meetings Attended in the Financial Year (January 2020 to December 2020)	6/6
Academic Qualifications	<ul style="list-style-type: none"> • Bachelor of Science (Honours) in Mathematics from the University of Leeds, United Kingdom • Master of Business Administration (Finance) from the Edith Cowan University, Australia
Present Appointments	<ul style="list-style-type: none"> • Independent Non-Executive Director of Kenanga Investment Bank Berhad (“KIBB”) • Chairman of the Group Governance, Nomination & Compensation Committee (formerly known as Group Nomination & Remuneration Committee), KIBB • Chairman of the Employees’ Share Scheme Committee, KIBB • Member of the Group Board Risk Committee, KIBB • Member of the Group Board Digital Innovation & Technology Committee, KIBB • Independent Non-Executive Director of Pacific & Orient Insurance Co. Berhad (“POI”), a subsidiary of Pacific & Orient Berhad

Name	Norazian Ahmad Tajuddin
Present Appointments (contd.)	<ul style="list-style-type: none"> • Member of the Nomination Committee, Remuneration Committee, as well as the Audit Committee and Risk Management Committee of POI
Experience	<ul style="list-style-type: none"> • Non-Independent Non-Executive Director and Member of the Risk Management Committee and Nomination & Remuneration Committee of Prudential BSN Takaful Bhd • Deputy Chief Executive Officer of Bank Simpanan Nasional Berhad • Manager, Treasury of Daimlerchrysler (M) Sdn Bhd • Assistant General Manager, Treasury of KAF Discount Bhd • Deputy Chief Operating Officer, Group Treasury & International Banking of EON Bank Berhad Group • Senior Dealer, Treasury of Bank Bumiputra (M) Bhd
Family relationship with any Director and/or major shareholder	Nil
Conflict of interest with the Fund	Nil
List of convictions for offences within the last five (5) years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, other than traffic offences	Nil

Name	Ismitz Matthew De Alwis
Age	46
Gender	Male
Nationality	Malaysian
Position	Executive Director/Chief Executive Officer
Date of Appointment	12 August 2014
Membership of Board Committee(s)	<ul style="list-style-type: none"> • Member of the Investment Committee
Directorship of Other Public Companies	<ul style="list-style-type: none"> • Kenanga Islamic Investors Berhad • Libra Invest Berhad • Kenanga Funds Berhad • Federation of Investment Managers Malaysia
Length of Tenure as Director (As at 31 December 2020)	6 years and 4 months
Number of Board Meetings Attended in the Financial Year (January 2020 to December 2020)	6/6

Name	Ismitz Matthew De Alwis
Academic Qualifications	<ul style="list-style-type: none"> • Islamic Financial Planner, Financial Planning Association of Malaysia • Cambridge Summer School Programme-Executive Programme, Asian Banking School, University of Cambridge • Advanced Business Management Program, Securities Industry Development Corporation/International Institute for Management Development, Lausanne, Switzerland • Capital Markets Services Representative's Licence, Securities Commission Malaysia • Certified Financial Planner, USA • Person Dealing Unit Trust, Federation of Malaysian Unit Trust Manager • Master in Business Administration, Southern Cross University Australia • Graduate Diploma in Marketing (UK), Chartered Institute of Marketing, United Kingdom
Present Appointments	<ul style="list-style-type: none"> • Non-Executive Director of Libra Invest Berhad • Member of the Investment Committee of Libra Invest Berhad • Non-Executive Director of Kenanga Funds Berhad • Non-Executive Director of KUT Nominees (Asing) Sdn Bhd • Non-Executive Director of KUT Nominees (Tempatan) Sdn Bhd • Board Member of Federation of Investment Managers Malaysia • Committee Member of Malaysia Asset Management • Member of the Licensing Examinations Review Committee for the Securities Commission Licensing Examination Module 10: Asset & Funds Management • Industry Competency Framework Advisory Panel for the Malaysian Capital Market • President of Financial Planning Association of Malaysia
Experience	<ul style="list-style-type: none"> • Executive Director of ING Funds Berhad • Senior Vice President, Head, Business Development of ING Funds Berhad • Vice President-Head, Retail Distribution of ING Funds Berhad • Assistant Vice President – Head, Agency Channel of ING Funds Berhad • Senior Manager – Business Development of ING Insurance Berhad/ING Funds Berhad • Head Sales & Marketing of MBF Unit Trust Management Berhad • Senior Manager, Investment Services of MBF Cap/MBF Asset Management • Asia Pacific Relationship Manager/ Account Director of ARA (Asia Research & Consultancy) Consultancy Ltd.

Name	Ismitz Matthew De Alwis
Family relationship with any Director and/or major shareholder	Nil
Conflict of interest with the Fund	Nil
List of convictions for offences within the last five (5) years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, other than traffic offences	Nil

9. DIRECTORS' TRAINING

Director	Program Title and Organiser	Date
Datuk Syed Ahmad Alwee Alsree	The Prohibition of Gharar (Uncertainty) in Islamic Finance	11 February 2020
	Training on Qawaid Fiqhiyyah (Islamic Legal Maxims): Principle of Intention in Islamic Finance by Shariah Adviser of KIBB	20 April 2020
	Training on Umum al-Balwa in Islamic Finance (Shariah screening methodology) of companies listed as shariah counters on Bursa.	21 July 2020
	Briefing Session on Structured Warrants Business for the Board of Directors of Kenanga Investment Bank Berhad by Ms Isabelle Zhen, Head of Sales, Retail Equity Derivatives, KIBB	2 September 2020
	Conventional Accounting vs Islamic Accounting by Shariah Adviser of KIBB	30 September 2020
	Waqf by Shariah Adviser of KIBB	19 November 2020
	Compliance with Main Market Listing Requirement ("MMLR") - Reporting of Financial Statements by Chee Kai Mun Advisory Sdn Bhd	1 December 2020
Syed Zafilen Syed Alwee	Cyber Risk Awareness by Firmus Sdn Bhd	16 November 2020
	Compliance with Main Market Listing Requirement ("MMLR") - Reporting of Financial Statements by Chee Kai Mun Advisory Sdn Bhd	1 December 2020
	Singapore FinTech Festival 2020 (SFF x Switch 2020)	7 - 11 December 2020
Imran Devindran Abdullah	Cyber Risk Awareness by Firmus Sdn Bhd	16 November 2020
	Compliance with Main Market Listing Requirement ("MMLR") - Reporting of Financial Statements by Chee Kai Mun Advisory Sdn Bhd	1 December 2020

Director	Program Title and Organiser	Date
Norazian Ahmad Tajuddin	Digital Banking: Why Does it Matter? (Online Webinar) by FIDE FORUM	18 March 2020
	Digitalisation - Review Competitive Strategies using AI: A Board's Perspective by M. Nazri Muhd, ICDM Faculty and President/ CEO, MyFinB, Singapore by ICDM	7 April 2020
	Digitalisation - Cybersecurity Considerations Amid A Global Pandemic by Ho Siew Kei, Executive Director, Risk Advisory - Cyber Risk, Deloitte Malaysia hosted by ICDM	13 April 2020
	Covid-19 & Current Economic Reality: Implications for Financial Stability by Dr. Andy Xie, by FIDE FORUM	14 April 2020
	Outthink The Competition: Excelling in a Post Covid-19 World by FIDE FORUM	5 May 2020
	Force Majure & Covid-19: How Are Contractual Relationships Affected and Managed? By Asian School of Business "ASB"	25 June 2020
	Risks: A Fresh Look from the Board's Perspective by FIDE FORUM	8 July 2020
	Digital FI Series: Fidor's Experience by FIDE FORUM	13 August 2020
	Briefing Session on Structured Warrants Business for the Board of Directors of Kenanga Investment Bank Berhad by Ms Isabelle Zhen, Head of Sales, Retail Equity Derivatives, KIBB	2 September 2020
	BNM-FIDE Forum Annual Dialogue with Governor of Bank Negara Malaysia by FIDE FORUM	3 September 2020
	Board Effectiveness Focus Group Discussion with Directors by FIDE FORUM	10 September 2020
Climate Action: The Board's Leadership in Greening the Financial Sector by FIDE Forum	2 November 2020	

Director	Program Title and Organiser	Date
Norazian Ahmad Tajuddin (contd.)	Green Fintech: Ping An's Journey to becoming a top ESG performing Financial Institution	11 November 2020
	Cyber Risk Awareness by Firmus Sdn Bhd	16 November 2020
	Stakeholder Capitalism - A Vital Pandemic Agenda by ICDM	25 November 2020
	Compliance with Main Market Listing Requirement ("MMLR") - Reporting of Financial Statements by Chee Kai Mun Advisory Sdn Bhd	1 December 2020
Ismitz Matthew De Alwis	SIDC Sustainable & Responsible Investment (SR) 2020	25 - 26 August 2020
	Transfer Pricing Awareness Training & Workshop by Deloitte	22 October 2020
	Compliance with Main Market Listing Requirement ("MMLR") - Reporting of Financial Statements by Chee Kai Mun Advisory Sdn Bhd	1 December 2020

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