

KENANGA ONEPRS GROWTH FUND

INTERIM REPORT

For the Financial Period from 1 August 2016 to 31 January 2017

kenanga

Kenanga Investors Berhad
Company No. 353563-P

KENANGA ONEPRS GROWTH FUND

Contents	Page
Corporate Directory	ii
Directory of PRS Provider's Offices	iii
Fund Information	1
PRS Provider's Report	2 - 7
Fund Performance	8 - 10
Trustee's Report	11
Statement by the PRS Provider	12
Financial Statements	13 - 31

CORPORATE DIRECTORY

PRIVATE RETIREMENT SCHEME (PRS) PROVIDER: KENANGA INVESTORS BERHAD

(Company No. 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
Tel: 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 bin Abdullah (**Independent Director**)
Dato' Bruce Kho Yaw Huat
Ismitz Matthew De Alwis

INVESTMENT COMMITTEE

Dato' Bruce Kho Yaw Huat (**Chairman**)
Syed Zafilen Syed Alwee (**Independent Member**)
Peter John Rayner (**Independent Member**)
Imran Devindran bin Abdullah (**Independent Member**)
Ismitz Matthew De Alwis

COMPANY SECRETARY: NORLIZA ABD SAMAD (MAICSA 7011089)

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

SCHEME TRUSTEE ("TRUSTEE"): MAYBANK TRUSTEES BERHAD (5004-P)

REGISTERED AND BUSINESS ADDRESS

8th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur.
Tel: 03-2078 8363 / 8833
Email: mtb@maybank.com.my

AUDITOR: ERNST & YOUNG (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. 179793-K)

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

ADMINISTRATOR: PRIVATE PENSION ADMINISTRATOR MALAYSIA (PPA)

Level 6, Menara Mudajaya, Jalan PJU 7/3, Mutiara Damansara, 47180 Kuala Lumpur.
Tel: 03-6204 8990 Fax: 03-6204 8995
Website: www.ppa.my
Email: askppa@ppa.my

MEMBERSHIP: FEDERATION OF INVESTMENT MANAGERS MALAYSIA (FIMM)

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

DIRECTORY OF PRS PROVIDER'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

Lot 11.03, 11th Floor
Menara MSC Cyberport
No. 5, Jalan Bukit Meldrum
80300 Johor Bahru, Johor
Tel : 07-223 7505 / 4798
Fax : 07-223 4802

Kuching

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

Kuantan

No. B8, Ground Floor
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

A-03-11, 3rd Floor
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Jalan Tun Fuad Stephens
88000 Kota Kinabalu, Sabah
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Fax : 088-447 039

1. FUND INFORMATION

1.1 Fund Name

Kenanga OnePRS Growth Fund (the Fund)

1.2 Fund Category / Type

Core (Growth)

1.3 Investment Objective

The Fund seeks to provide capital growth.

1.4 Investment Strategy

The Fund seeks to achieve its objective by investing a maximum of 70% of the Fund's NAV in equities and at least 30% of the Fund's NAV in fixed income instruments and/or money market instruments.

However, at the launch of the Fund, the Fund aims to meet its objective and asset allocation by investing up to 70% of the Fund's NAV in any one collective investment scheme managed by the PRS Provider that is in line with the Fund's asset allocation. Such investment shall be for a period of five (5) years from the launch of the Fund or upon the Fund reaching RM200 million NAV (whichever is earlier).

1.5 Performance Benchmark

A composite of All MGS Index (30%) and FBM 100 (70%).

The risk profile of the Fund is not the same as the risk profile of the performance benchmark.

1.6 Distribution Policy

Distribution (if any) will be declared annually and reinvested into the Fund.

Members who have reached their retirement age can opt to have the distribution paid to them by cheque or to their bank account.

1.7 Breakdown of unit holdings of the Fund as at 31 January 2017

Size of holdings	No. of members	No. of units held
5,000 and below	4,539	12,455,265
5,001 - 10,000	1,755	13,158,201
10,001-50,000	1,427	23,049,121
50,001-500,000	32	3,803,754
500,001 and above	1	879,674
Total	7,754	53,346,015

2. PRS PROVIDER'S REPORT

2.1 Explanation on whether the Fund has achieved its investment objective.

The Fund grew 3.54% in Net Asset Value terms for the period under review hence giving a rise of 26.80% since launch (20 November 2013) thus achieving the Fund's stated objective to provide long-term capital growth.

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

Performance Chart Since Launch (20/11/2013 – 31/01/2017)
Kenanga OnePRS Growth Fund vs Benchmark*



Source: Novagni Analytics and Advisory Sdn Bhd

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

Since the size of the fund is below RM200 mil, it is currently invested in a collective investment scheme managed by the PRS provider which is in line with the Fund's asset allocation. As at 31 January 2017, the Fund had invested about 68.94% of its NAV in Kenanga GrowthFund ("KGF") and about 29.06% in the Kenanga Bond Fund ("KBF"). Such a mix provides investors with a lower risk and a lower volatility profile as compared to a pure equity fund. It aims to provide unit holders with long term capital growth and income ranging from 3 to 5 years.

During the period under review, the KGF invested mainly in the Malaysian equities and continued with its strategy of investing in companies with sustainable business models and competent management, whilst trading at a discount to their intrinsic / fair value. The Fund focused on companies who would benefit from a recovery in developed markets or from increased capital spending at home. Sectors the fund favoured are consumer, construction and infrastructure while we stay selective in the oil & gas and plantation space.

2.4 The Fund's asset allocation as at 31 January 2017 and comparison with the previous financial period

Asset	31 Jan 2017	31 Jan 2016
Unlisted collective investment schemes	97.9%	97.9%
Cash	2.1%	2.1%

Reason for the differences in asset allocation

The Fund increased its allocation into collective investment schemes marginally in order to improve asset utilisation.

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

	Period under review
Kenanga OnePRS Growth Fund	3.54%
A composite of All MGS Index (30%) and FBM 100 (70%)	0.77%

Source: Lipper

For the financial period under review, the Fund grew 3.54% outperforming the 0.77% rise in the composite benchmark of 30% MGS and 70% FBM100. The outperformance was mainly due to stock selection in Kenanga Growth Fund (KGF).

2.6 Review of the market

Equity Market Review

The FBMKLCI increased 0.38% for the period under review (1st August 2016 – 31st January 2017). The market plunged to an intraday low of 1,616.14 points throughout the period.

Bank of England (BOE) announced a 25bps cut in interest rates to 0.25% on 4 Aug, and introduced several stimulus measures in the wake of the Brexit fallout. US Fed kept its policy rate unchanged on 21 Sep for the sixth consecutive meeting. The market was pretty flattish in October, as investors remained on the side-lines ahead of the US Presidential election. The US Fed, on 13 Oct, signalled for another rate hike before year-end with just two remaining Fed meetings. Weak Chinese export data also continued to drag down overall global markets as uncertainty loomed.

In November, markets were caught off-guard by Donald Trump's victory in the highly-anticipated presidential election. Asian global markets were the first to react with a sharp-sell down as investors flocked towards safe havens such as bonds, gold and Japanese Yen. The dollar surged against Asian currencies as interest rate hike expectations jumped and markets continue to focus on Trump's pro-growth and inflationary economic policies. MYR fell to a YTD-low of MYR4.46 on 11 Nov.

2.6 Review of the market (Contd.)

Equity Market Review (Contd.)

For the first time in eight years, OPEC agreed to cut oil production in order to reduce the supply glut of global oil inventories. Benchmark oil prices rose by 10% following deal strike and currencies of large exporters boosted alongside share prices of energy companies. Brent crude oil prices soared to a 16-month high price above \$55 on 5 Dec 2016.

At the start of 2017, the FBM KLCI enjoyed strong gains, sparked by strong buying commitments from local funds on the back of optimistic expectations of the President Donald Trump's potential fiscal stimulus to drive a stronger growth for the US economy would also benefit Malaysia economy. The positive sentiment in the US markets also boosted the investors confident after the US Dow Jones hit all-time highs at above 20,000 points. The market however turned cautious after Donald Trump began his US presidency term on January 20th, as investors grew increasingly anxious for indications that the administration will follow through with pro-growth campaign promises. The slew of executive orders signed by President Trump particularly those that touched immigration policies and global trade strikes fear in the region that the US adopting "protectionist" trade policies. According to Moody's Investors Services, the US withdrawal from the Trans Pacific Partnership (TPP) represents material loss of exports and growth opportunities for Malaysia.

In addition to the geopolitics and external events affecting the local market, January was an active month on the mergers and acquisition front for Malaysia, led by PNB related companies such as the transactions involving demerger exercise of UMW Holdings with its oil & gas business and the split of Sime Darby into 3 different entities for its plantations, property and industrial divisions.

The FBM KLCI benchmark saw a gain of +1.8% for January month, but overall the FBM Small Cap, FBM ACE and the broader FBM Emas indices outperformed the benchmark, seeing gains of 4.8%, 3.4% and 2.4%.

Fixed Income Market Review

Local government bonds ended August mixed amid heavy data and ahead of major central bank meetings in September. Nevertheless, heavy bidding interest was seen in the short end of the curve as moderating economic growth and benign inflation spurred expectations of further monetary easing by Bank Negara Malaysia (BNM).

Local government bonds ended September marginally higher with support seen on 7- and 10-year benchmark notes, supported by the Organization of the Petroleum Exporting Countries' (OPEC) decision to cut crude oil production. However, growth on returns remained lacklustre following BNM's decision to hold the overnight policy rate (OPR) at 3% and the European Central Bank (ECB)'s decision to maintain its monetary policy.

Local government bonds ended October on a weaker note due to the global bond sell-off as expectations of a US interest rate hike increased. The government's pledge to reduce its fiscal deficit was well received by investors but failed to lift local government bonds towards the end of the month. The lack of buying interest in local government bonds was also due to a weaker Ringgit as crude oil prices slipped below USD50 per barrel.

2.6 Review of the market (Contd.)

Fixed Income Market Review (Contd.)

The local government bonds market sustained heavy losses in November mainly due to Donald Trump's unexpected victory in the US presidential election that led to a global bond rout. This was due to the strengthening of the US Dollar (USD) on growing expectations of a US interest rate hike in December and further aggressive hikes in 2017 as Donald Trump seeks to adopt protectionist trade and massive fiscal expansionary policies. Foreign holdings on local government bonds fell 8.8% month-on-month (m-o-m), the biggest decline since July 2013.

The local government bonds market gained slightly in December after recovering somewhat from the "Trump Tantrum" of the previous month. It was supported by a recovery in global crude oil prices, as well as bargain-hunting activities. However, returns continue to be weighed down by uncertainties over President-elect Donald Trump's policies after he occupies the White House, upbeat US economic data releases and a more hawkish IS Federal Reserve (Fed).

The local government bonds market continued to be in positive territory in January, buoyed by buying interest as the strength of the USD began to waver amid increasing uncertainties about policies under Trump's administration in the US. Local government bonds were also aided by the recovery in global crude oil prices due to OPEC-led production cuts. In other developments, BNM held the OPR at 3.0% in its January Monetary Policy Committee (MPC) meeting.

Equity Market Outlook

The uncertainties from the external front, particularly coming from the US and Europe would influence the market movements going forward. Donald Trump's election to the oval office has triggered a risk-on risk-off trading approach among investors as his "America First" agenda has increased the level of uneasiness among trading nations. In addition to the uncertainty created by the official decree to build a physical wall along Mexico-US border, the targeted travel ban and the much talked about border tax adjustment, if implemented, could herald the imposition of this new tax on other trading nations as well. The consequences of retaliations from these nations could have a material impact on global economy and financial markets.

On the positive note, the recovery signs of improvement in the global economy, such as a gradual increase in the manufacturing Purchasing Managers' Index in several large economies such as China, the Euro and the US, paint a promising trend about the recovery momentum of the global economy. In addition, for Malaysia, after three years of profit let downs, corporate earnings are primed for a recovery in 2017 on higher commodities prices, rising construction job flows and steady economic conditions which will be positive to the market. The return of foreign inflow in January with a net purchase of RM0.4 billion of Malaysia equities after being net sellers for four consecutive months from Sep 2016 should provide some support to the market.

2.6 Review of the market (Contd.)

Fixed Income Market Outlook

In the secondary market, we anticipate MGS and corporate bond yields to trend higher in 2017 as the Ringgit remains volatile due to, among other things, a stronger USD. The Malaysian bond market ended 2016 on a negative note with benchmark yields for local government bonds rising between 3 to 27 bps from 2015 across all maturities. As a result, yield curves for both local government bonds and corporates steepened sharply. Going forward, we are of the view that the 10-year MGS yield will remain on the uptrend, ranging between 4.0% and 4.5%, as the Malaysian bond market continues to be closely monitored due to a high proportion of foreign holdings in the region. However, some stabilization will emerge in the medium term after there is greater clarity over Trump's future economic plans. On the domestic front, Malaysian bond yields would also be pressured by higher inflation expectations and limited prospects of a rate cut by BNM. In its base case scenario, we expect the OPR to be left unchanged at the current level (3%). Should it be necessary for BNM to trim the policy rate, the rate cut would likely be limited to 25 bps, in our view.

Fund Strategy

With the global markets is expected to remain volatile in the near term, we continue to advocate a defensive portfolio strategy, buying on weakness into names driven by resilient earnings with exposure to selective themes, like USD beneficiaries (exporters), GLC reform/restructuring plays, domestic consumption and infrastructure including stocks that will benefit from the Malaysia-China partnership.

For fixed income, we maintain our strategy of neutral and tactically overweight duration and preference for good quality corporate bonds rated AA3 and above over government bonds for yield enhancement to the portfolio.

2.7 Distribution

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

2.8 Details of any unit split exercise

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

2.9 Significant changes in the state of 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 PRS Provider's report, not otherwise disclosed in the financial statements.

2.10 Circumstances that materially affect any interests of the members

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

2.11 Rebates & Soft commissions

Any rebates received are channeled back to the Fund. On the other hand, soft commissions received from the stockbrokers for goods and services such as technical analysis software, fundamental database, financial wire services, stock quotation system and portfolio management software incidental to investment management of the Fund shall be retained by the PRS Provider. For the financial period under review, the PRS Provider did not receive any rebates or soft commissions from stockbrokers.

3. FUND PERFORMANCE

3.1 Details of portfolio composition of Kenanga OnePRS Growth Fund (“the Fund”) for the financial period as at 31 January 2017 against last three financial years/period as at 31 July are as follows:

a. Distribution among industry sectors and category of investments:

	As at 31.1.2017 %	FY 2016 %	FY 2015 %	As at 31.7.2014 %
Unlisted collective investment schemes	97.9	97.8	97.2	97.1
Cash	2.1	2.2	2.8	2.9
	100.0	100.0	100.0	100.0

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

b. Distribution among markets

The Fund invests in unlisted collective investment schemes and cash instruments only.

3.2 Performance details of the Fund for the financial period ended 31 January 2017 against the last three financial years/period ended 31 July are as follows:

	Period from 1.8.2016 to 31.1.2017	FY 2016	FY 2015	Period from 20.11.2013 to 31.7.2014
Net asset value ("NAV") (RM Million)	33.82	23.75	11.41	2.67
Units in circulation (Million)	53.35	38.78	19.04	4.72
NAV per unit (RM)	0.6340	0.6123	0.5991	0.5645
Highest NAV per unit (RM)	0.6350	0.6154	0.5991	0.5648
Lowest NAV per unit (RM)	0.6113	0.5560	0.5136	0.4998
Total return (%)	3.54	2.20	6.13	12.90
- Capital growth (%)	3.54	2.20	6.13	12.90
- Income growth (%)	-	-	-	-
Gross distribution per unit (sen)	-	-	-	-
Net distribution per unit (sen)	-	-	-	-
Management expense ratio ("MER") (%) ¹	0.39	0.54	0.72	1.26
Portfolio turnover ratio ("PTR") (times) ²	0.19	0.48	0.68	0.82

Note: Total return is the actual return of the Fund for the respective financial periods/years, 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 investment securities of the Fund divided by the average fund size calculated on a daily basis.

Above NAV and NAV per unit are not shown as ex-distribution as there were no distribution declared by the Fund in the financial period under review.

¹ *MER is lower against previous financial year mainly due to increase in average fund size in the current financial period under review.*

² *PTR for the financial year under review is lower mainly due to shorter reporting period.*

3.3 Average total return of the Fund

	1 Year 31 Jan 16 -31 Jan 17	3 Year 31 Jan 14 -31 Jan 17
Kenanga OnePRS Growth Fund	5.94%	7.74%
A composite of All MGS Index (30%) and FBM 100 (70%)	1.89%	-0.11%

Source: Lipper

3.4 Annual total return of the Fund

	Period under review 31 July 16 -31 Jan 17	1 Year 31 July 15 -31 July 16	1 Year 31 July 14 -31 July 15	Period from 20 Nov 13 -31 July 14
Kenanga OnePRS Growth Fund	3.54%	2.20%	6.13%	12.90%
A composite of All MGS Index (30%) and FBM 100 (70%)	0.77%	0.30%	-4.90%	3.22%

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 MEMBERS OF KENANGA ONEPRS GROWTH FUND

We have acted as Trustee of Kenanga OnePRS Growth Fund ("the Fund") for the financial period from 1 August 2016 to 31 January 2017. In our opinion, Kenanga Investors Berhad, ("the PRS Provider") has managed the Fund in the financial period under review in accordance with the following:

1. The limitations imposed on the investment powers of the PRS Provider and the Trustee under the Deed, the Securities Commission Malaysia's Guidelines on Private Retirement Schemes, the Capital Markets and Services Act 2007 and other applicable laws;
2. The valuation or pricing of the Fund is carried out in accordance with the Deed and relevant regulatory requirement; and
3. The creation and cancellation of units of the Fund are carried out in accordance with the Deed and relevant regulatory requirement.

For Maybank Trustees Berhad
(Company No.: 5004-P)

Bernice K M Lau
Head, Operations

Kuala Lumpur, Malaysia

24 March 2017

5. STATEMENT BY THE PRS PROVIDER

I, Ismitz Matthew De Alwis, being a director of Kenanga Investors Berhad, do hereby state that, in the opinion of the PRS Provider, the accompanying statement of financial position as at 31 January 2017 and the related statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial period from 1 August 2016 to 31 January 2017 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 OnePRS Growth Fund as at 31 January 2017 and of its financial performance and cash flows for the financial period from 1 August 2016 to 31 January 2017 and comply with the requirements of the Deed.

For and on behalf of the PRS Provider
Kenanga Investors Berhad

Ismitz Matthew De Alwis
Executive Director/Chief Executive Officer

Kuala Lumpur, Malaysia

24 March 2017

6. FINANCIAL STATEMENT

6.1 STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2016 TO 31 JANUARY 2017 (unaudited)

	Note	1.8.2016 to 31.1.2017 RM	1.8.2015 to 31.1.2016 RM
INVESTMENT INCOME			
Net gain/(loss) from investments:			
- Financial assets at fair value through profit or loss ("FVTPL")	4	1,142,314	(34,893)
		<u>1,142,314</u>	<u>(34,893)</u>
EXPENSES			
PRS Provider's remuneration		31,414	16,265
Trustee's fee		2,091	1,067
Private Pension Administrator ("PPA") administration fee		5,575	2,845
Auditor's remuneration		3,041	3,098
Tax agent's fee		-	2,013
Administration expenses		28,938	9,105
		<u>71,059</u>	<u>34,393</u>
NET INCOME/(LOSS) BEFORE TAX		1,071,255	(69,286)
Income tax	8	-	-
NET INCOME/(LOSS) AFTER TAX, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>1,071,255</u>	<u>(69,286)</u>
Net income/(loss) after tax is made up as follows:			
Realised loss		(76,616)	(29,264)
Unrealised gain/(loss)	4	1,147,871	(40,022)
		<u>1,071,255</u>	<u>(69,286)</u>

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

6.2 STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2017 *(unaudited)*

	Note	31.1.2017 RM	31.1.2016 RM
INVESTMENTS			
Financial assets at FVTPL	4	<u>33,147,693</u>	<u>19,572,115</u>
OTHER ASSETS			
Cash at bank		<u>714,527</u>	<u>426,450</u>
TOTAL ASSETS		<u>33,862,220</u>	<u>19,998,565</u>
LIABILITIES			
Amount due to Manager		9,456	6,892
Amount due to Trustee		798	2,329
Amount due to PPA		1,130	632
Other payables	9	<u>27,043</u>	<u>19,314</u>
TOTAL LIABILITIES		<u>38,427</u>	<u>29,167</u>
EQUITY			
Members' contribution		31,354,994	19,090,456
Retained earnings		<u>2,468,799</u>	<u>878,942</u>
NET ASSET VALUE ("NAV")			
ATTRIBUTABLE TO MEMBERS	10	<u>33,823,793</u>	<u>19,969,398</u>
TOTAL EQUITY AND LIABILITIES		<u>33,862,220</u>	<u>19,998,565</u>
NUMBER OF UNITS IN CIRCULATION	10(a)	<u>53,346,015</u>	<u>33,387,455</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.6340</u>	<u>0.5981</u>

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

**6.3 STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2016 TO 31 JANUARY 2017
(unaudited)**

	Note	Members' contribution RM	Retained earnings RM	Total NAV RM
1.8.2016 to 31.1.2017				
At beginning of the financial period		22,349,812	1,397,544	23,747,356
Total comprehensive income		-	1,071,255	1,071,255
Creation of units	10(a)	9,063,981	-	9,063,981
Cancellation of units	10(a)	(60,331)	-	(60,331)
Distribution equalisation	10(a)	1,532	-	1,532
At end of the financial period		<u>31,354,994</u>	<u>2,468,799</u>	<u>33,823,793</u>
1.8.2015 to 31.1.2016				
At beginning of the financial period		10,461,845	948,228	11,410,073
Total comprehensive loss		-	(69,286)	(69,286)
Creation of units	10(a)	8,825,970	-	8,825,970
Cancellation of units	10(a)	(197,884)	-	(197,884)
Distribution equalisation	10(a)	525	-	525
At end of the financial period		<u>19,090,456</u>	<u>878,942</u>	<u>19,969,398</u>

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

**6.4 STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2016 TO 31 JANUARY 2017
(unaudited)**

	Note	1.8.2016 to 31.1.2017 RM	1.8.2015 to 31.1.2016 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of financial assets at FVTPL		794,215	945,213
Trustee's fee paid		(1,846)	-
PPA administration fee paid		(5,183)	(2,592)
Auditor's remuneration paid		(6,000)	(6,000)
Payment for other fees and expenses		(23,109)	(16,084)
PRS Provider's remuneration paid		(29,133)	(14,883)
Purchase of financial assets at FVTPL		<u>(9,558,038)</u>	<u>(9,383,779)</u>
Net cash used in operating and investing activities		<u>(8,829,094)</u>	<u>(8,478,125)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from units created		9,087,777	8,780,595
Cash paid on units cancelled		<u>(60,331)</u>	<u>(197,884)</u>
Net cash generated from financing activities		<u>9,027,446</u>	<u>8,582,711</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		198,352	104,586
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD			
		<u>516,175</u>	<u>321,864</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD			
		<u>714,527</u>	<u>426,450</u>
Cash and cash equivalents comprise:			
Cash at bank		<u>714,527</u>	<u>426,450</u>

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

**6.5 NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2016 TO 31 JANUARY 2017
(unaudited)**

1. THE FUND, THE PRS PROVIDER AND THEIR PRINCIPAL ACTIVITIES

Kenanga OnePRS Growth Fund (“the Fund”) was constituted pursuant to the executed Deed dated 29 August 2013 (collectively, together with the deeds supplemental thereto, referred to as “the Deed”) between the Private Retirement Scheme Provider (“PRS Provider”), Kenanga Investors Berhad and Maybank Trustees Berhad (“the Trustee”). The Fund commenced operations on 20 November 2013 and will continue to be in operation until terminated as provided under Part 16 of the Deed.

Kenanga Investors Berhad is a wholly-owned subsidiary of Kenanga Investment Bank Berhad. Prior to 1 November 2016, Kenanga Investment Bank Berhad was a wholly-owned subsidiary of K & N Kenanga Holdings Berhad that was listed on the Main Market of Bursa Malaysia Securities Berhad. Pursuant to an internal reorganisation exercise on 1 November 2016, Kenanga Investment Bank Berhad has become the ultimate parent company for K & N Kenanga Holdings Berhad. On 2 November 2016, Kenanga Investment Bank Berhad assumed the listing status of K & N Kenanga Holdings Berhad. All of these companies are incorporated in Malaysia.

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

The Fund seeks to provide its members capital growth. The Fund seeks to achieve its objective by investing a maximum of 70% of the Fund’s NAV in equities and at least 30% of the Fund’s NAV in fixed income instruments and/or money market instruments. However, at the launch of the Fund, the Fund aims to meet its objective and asset allocation by investing up to 70% of the Fund’s NAV in any one collective investment schemes managed by the PRS Provider that is in line with the Fund’s asset allocation. Such investment shall be for a period of five (5) years from the launch of the Fund or upon the Fund reaching RM200 million NAV (whichever is earlier).

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 PRS Provider 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 members, consistent with the long term objectives of the Fund.

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

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 investment's price caused by uncertainties in the economic, political and social environment will affect the NAV of the Fund.

The PRS Provider 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 the Fund's investments. Rates offered by the financial institutions will fluctuate according to the Overnight Policy Rate determined by Bank Negara Malaysia and this has direct correlation with the Fund's investments in deposits.

The Fund is not exposed to interest rate risk as it does not hold any interest-bearing assets and liabilities. However, the Fund has indirect exposure to interest rate risk through its investments in the unlisted collective investment schemes.

ii. Price risk

Price risk is the risk of unfavorable changes in the fair values of unlisted collective investment schemes. The Fund invests in unlisted collective investment schemes which are exposed to price fluctuations. This may then affect the NAV per unit of the Fund.

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

a. Market Risk (Contd.)

ii. Price risk (Contd.)

Price risk sensitivity

The PRS Provider's best estimate of the effect on the profit for the financial period due to a reasonably possible change in investments in unlisted collective investment schemes with all other variables held constant is indicated in the table below:

	Changes in price Increase/(Decrease) Basis points	Effects on profit for the financial period Increase/(Decrease) RM
31.1.2017		
Financial assets at FVTPL	5/(5)	16,574/(16,574)
31.1.2016		
Financial assets at FVTPL	5/(5)	9,786/(9,786)

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

Price risk concentration

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

	Fair value		Percentage of NAV	
	31.1.2017 RM	31.1.2016 RM	31.1.2017 %	31.1.2016 %
Financial assets at FVTPL	33,147,693	19,572,115	98.0	98.0

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 PRS Provider manages the credit risk by undertaking credit evaluation to minimise such risk.

i. Credit risk exposure

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

ii. Financial assets that are either past due or impaired

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

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

c. Liquidity Risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are to be settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or cancel its units earlier than expected. The Fund is exposed to cancellation of its units on a regular basis. Units sold to members by the PRS Provider are cancellable at the members' 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, 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 31.1.2017 RM	31.1.2016 RM
Assets			
Financial assets at FVTPL		33,147,693	19,572,115
Other assets		714,527	426,450
	(i)	<u>33,862,220</u>	<u>19,998,565</u>
Liabilities			
Other liabilities	(ii)	<u>11,384</u>	<u>9,853</u>
Equity	(iii)	<u>33,823,793</u>	<u>19,969,398</u>
Liquidity gap		<u>27,043</u>	<u>19,314</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 unlisted collective investment schemes 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 members' 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.

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

c. Liquidity Risk (Contd.)

(ii) Financial liabilities

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

(iii) Equity

As the members can request for redemption of their units, they have been categorised as having a maturity of “up to 1 year”.

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 accounting policies adopted are consistent with those of the previous financial period except for the adoption of the new and amended MFRS which became effective for the Fund on 1 August 2016. 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 and Amendments Issued But Not Yet Effective

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

b. Standards and Amendments Issued But Not Yet Effective (Contd.)

Description	Effective for financial period beginning on or after
Amendments to MFRS contained in the documents entitled “Annual improvements to MFRS Standards 2014 - 2016 Cycle”	1 January 2017
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS contained in the documents entitled “Annual improvements to MFRS Standards 2014 - 2016 Cycle”	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Shared-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 15: Clarifications to MFRS 15	1 January 2018
MFRS 16: Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	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, other than MFRS 9.

MFRS 9 replaces MFRS 139 on the following requirements: classification and measurement of financial assets and financial liabilities as defined in MFRS 139, impairment methodology and hedge accounting. The Fund is in the process of making an assessment of the impact of this Standard.

c. Financial Assets

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.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Fund determines the classification of its financial assets at initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

c. Financial Assets (Contd.)

i. Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition.

Financial assets held for trading include unlisted collective investment schemes acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in profit or loss.

Distribution revenue element of such instruments are recorded in "distribution income".

ii. Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as receivables.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method. Gain or loss is recognised in profit or loss when the receivable is derecognised or impaired, and through the amortisation process.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

d. Impairment of Financial Assets

The Fund assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Fund considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

d. Impairment of Financial Assets (Contd.)

If, in a subsequent financial period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the assets does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

e. 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.

Distribution income is recognised on declared basis, when the right to receive the distribution is established.

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

f. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and short term deposits with licensed financial institutions with insignificant risk of changes in value.

g. 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.

h. 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.

i. Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial 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 instrument. The Fund's financial liabilities are classified as other financial liabilities. The Fund's financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

i. Financial Liabilities (Contd.)

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

j. Members' Contribution – NAV Attributable to Members

The members' 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 members 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. Distribution

Distributions are at the discretion of the PRS Provider. A distribution to the Fund's members 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 PRS Provider 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

	31.1.2017 RM	31.1.2016 RM
Financial assets held for trading, at FVTPL:		
Unlisted collective investment schemes	<u>33,147,693</u>	<u>19,572,115</u>
	1.8.2016 to 31.1.2017 RM	1.8.2015 to 31.1.2016 RM
Net gain/(loss) on financial assets at FVTPL comprised:		
Realised (loss)/gain on disposals	(5,557)	5,129
Unrealised changes in fair values	<u>1,147,871</u>	<u>(40,022)</u>
	<u>1,142,314</u>	<u>(34,893)</u>

Details of financial assets at FVTPL as at 31 January 2017:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
Unlisted collective investment schemes				
Kenanga Bond Fund	14,070,117	9,821,657	9,827,976	29.1
Kenanga Growth Fund	22,515,899	<u>23,000,784</u>	<u>23,319,717</u>	68.9
Total unlisted collective investment schemes, representing total financial assets at FVTPL		<u>32,822,441</u>	<u>33,147,693</u>	98.0
Unrealised gain on financial assets at FVTPL		<u>325,252</u>		

5. PRS PROVIDER'S REMUNERATION

PRS Provider's remuneration is computed on a daily basis at a rate up to 5.00% per annum of the NAV of the Fund as provided under Division 17.1 of the Deed.

The PRS Provider is currently computed at 1.55% per annum of the NAV of the Fund (financial period from 1 August 2015 to 31 January 2016: 1.55% per annum).

As the Fund invests in units of the Kenanga Bond Fund and Kenanga Growth Fund, any management fee charged to the unlisted collective investment schemes are fully refunded to the Fund. Accordingly, there is no double charging of management fee.

6. TRUSTEE'S FEE

Pursuant to the supplemental deed dated 2 October 2014, the Trustee's fee is computed on a daily basis at a rate not exceeding 0.015% per annum of the NAV of the Fund and subject to a minimum fee of RM6,000 per annum as provided under Division 17.2 of the Deed.

The Trustee's fee is currently computed at 0.015% per annum of the NAV of the Fund (financial period from 1 August 2015 to 31 January 2016: 0.015% per annum). The deficit from the minimum fee due for the current and previous financial periods was borne by the PRS provider.

7. PPA ADMINISTRATION FEE

PPA administration fee is computed on a daily basis at a rate of 0.04% per annum of the NAV of the Fund (financial period from 1 August 2015 to 31 January 2016: 0.04% per annum).

8. INCOME TAX

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable income for the current and previous financial 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 income/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

	1.8.2016 to 31.1.2017 RM	1.8.2015 to 31.1.2016 RM
Net income/(loss) before tax	<u>1,071,255</u>	<u>(69,286)</u>
Tax at Malaysian statutory tax rate of 24% (financial period from 1 August 2015 to 31 January 2016: 24%)	257,101	(16,629)
Tax effect of:		
Income not subject to tax	(275,489)	(1,231)
Loss not deductible for tax purposes	1,334	9,605
Expenses not deductible for tax purposes	2,703	1,997
Restriction on tax deductible expenses for unit trust fund	<u>14,351</u>	<u>6,258</u>
Income tax for the financial period	<u>-</u>	<u>-</u>

9. OTHER PAYABLES

	31.1.2017 RM	31.1.2016 RM
Accrual for auditors' remuneration	3,041	3,098
Accrual for tax agent's fees	9,600	11,013
Provision for printing and other expenses	14,402	5,203
	<u>27,043</u>	<u>19,314</u>

10. NET ASSET VALUE ATTRIBUTABLE TO MEMBERS

NAV attributed to members is represented by:

	Note	31.1.2017 RM	31.1.2016 RM
Members' contribution	(a)	<u>31,354,994</u>	<u>19,090,456</u>
<u>Retained earnings:</u>			
Realised reserves		2,143,547	590,432
Unrealised reserves		<u>325,252</u>	<u>288,510</u>
		<u>2,468,799</u>	<u>878,942</u>
		<u>33,823,793</u>	<u>19,969,398</u>

(a) Members' contribution

	1.8.2016 to 31.1.2017		1.8.2015 to 31.1.2016	
	No. of units	RM	No. of units	RM
At beginning of the financial period	38,780,749	22,349,812	19,044,144	10,461,845
Add: Creation of units	14,661,245	9,063,981	14,670,228	8,825,970
Less: Cancellation of units	(95,979)	(60,331)	(326,917)	(197,884)
Distribution equalisation	-	1,532	-	525
At end of the financial period	<u>53,346,015</u>	<u>31,354,994</u>	<u>33,387,455</u>	<u>19,090,456</u>

The number of units legally or beneficially held by the PRS Provider, Kenanga Investors Berhad, and parties related to the PRS Provider as at 31 January 2017 were nil (31 January 2016: nil).

11. PORTFOLIO TURNOVER RATIO ("PTR")

PTR for the financial period from 1 August 2016 to 31 January 2017 is 0.19 times (financial period from 1 August 2015 to 31 January 2016: 0.36 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.

12. MANAGEMENT EXPENSE RATIO (“MER”)

MER for the financial period from 1 August 2016 to 31 January 2017 is 0.39% (financial period from 1 August 2015 to 31 January 2016: 0.38%).

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.

13. TRANSACTIONS WITH UNIT TRUST FUND MANAGER

	Transaction value RM	Percentage of total %
Kenanga Investors Berhad*	<u>10,279,401</u>	<u>100.0%</u>

* Kenanga Investors Berhad is the Manager of Kenanga Bond Fund and Kenanga Growth Fund, the unlisted collective investment schemes that the Fund invested in during the financial period.

The above transaction values were in respect of unlisted collective investment schemes. Transactions in unlisted collective investment schemes do not involve any commission or brokerage fees.

The directors of the PRS Provider are of the opinion that the transactions with Kenanga Investors Berhad have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from the obtainable in transactions with unrelated parties. The PRS Provider is of the opinion that the above dealings have been transacted on an arm’s length basis.

14. SEGMENTAL REPORTING

As the Fund invests primarily in the unlisted collective investment schemes, it is not possible or meaningful to classify its investments by separate business or geographical segments. A list of the unlisted collective investment schemes that the Fund has invested in is disclosed in Note 4.

15. 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.

15. FINANCIAL INSTRUMENTS (CONTD.)

a. Classification of financial instruments (Contd.)

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

	Financial assets at FVTPL RM	Receivables RM	Financial liabilities RM	Total RM
31.1.2017				
Assets				
Unlisted collective investment schemes	33,147,693	-	-	33,147,693
Cash at bank	-	714,527	-	714,527
	<u>33,147,693</u>	<u>714,527</u>	<u>-</u>	<u>33,862,220</u>
Liabilities				
Amount due to PRS Provider	-	-	9,456	9,456
Amount due to Trustee	-	-	798	798
Amount due to PPA	-	-	1,130	1,130
	<u>-</u>	<u>-</u>	<u>11,384</u>	<u>11,384</u>
31.1.2016				
Assets				
Unlisted collective investment schemes	19,572,115	-	-	19,572,115
Cash at bank	-	426,450	-	426,450
	<u>19,572,115</u>	<u>426,450</u>	<u>-</u>	<u>19,998,565</u>
Liabilities				
Amount due to PRS Provider	-	-	6,892	6,892
Amount due to Trustee	-	-	2,329	2,329
Amount due to PPA	-	-	632	632
	<u>-</u>	<u>-</u>	<u>9,853</u>	<u>9,853</u>

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.

15. FINANCIAL INSTRUMENTS (CONTD.)

b. Financial instruments that are carried at fair value (Contd.)

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:				
31.1.2017				
Unlisted collective investment schemes	-	33,147,693	-	33,147,693
31.1.2016				
Unlisted collective investment schemes	-	19,572,115	-	19,572,115

Level 1: Listed prices in active market

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

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

The fair values of unlisted collective investment schemes are stated based on the NAV per unit of those unlisted collective investment schemes 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.

16. 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 disclosure documents;
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet cancellation requests as they arise; and
- To maintain sufficient fund size to make the operations of the Fund cost-efficient.

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

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