KENANGA BALANCED FUND

ANNUAL REPORT

For the Financial Year Ended 28 February 2025

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

KENANGA BALANCED FUND

Contents

CORPORATE DIRECTORY

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Norazian Ahmad Tajuddin **(Independent Non-Executive Director)**
Luk Wai Hong, William **(Non-Independent Non-Executive Director)**
Norazilla Binti Md Tahir **(Independent Non-Executive Director)**
Datuk Wira Ismitz Matthew De Alwis **(Chief Executive Officer, Executive Director)**

Investment Committee
Norazian Ahmad Tajuddin **(Independent Member)**
Norazilla Binti Md Tahir **(Independent Member)**
Luk Wai Hong, William **(Non-Independent Member)**
Datuk Wira Ismitz Matthew De Alwis **(Non-Independent Member)**

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1. FUND INFORMATION

1.1 Fund Name

Kenanga Balanced Fund (**KBF** or **the Fund**)

1.2 Fund Category / Type

Balanced / Growth & Income

1.3 Investment Objective

The Fund aims to provide a portfolio of investments with lower risk and lower volatility for investors.

1.4 Investment Strategy

The Fund seeks to maximise total returns by providing investors with a combination of capital appreciation and income distribution, if any, while reducing risk through diversified investments in equities and fixed income securities.

1.5 Duration

The Fund was launched on 23 May 2001 and shall exist as long as it appears to the Manager and the Trustee that it is in the interests of the unit holders for it to continue.

1.6 Performance Benchmark

60% FTSE Bursa Malaysia Top 100 Index and 40% Maybank 12-month Fixed Deposit Rate.

1.7 Distribution Policy

The Fund aims to pay a regular distribution annually, where possible.

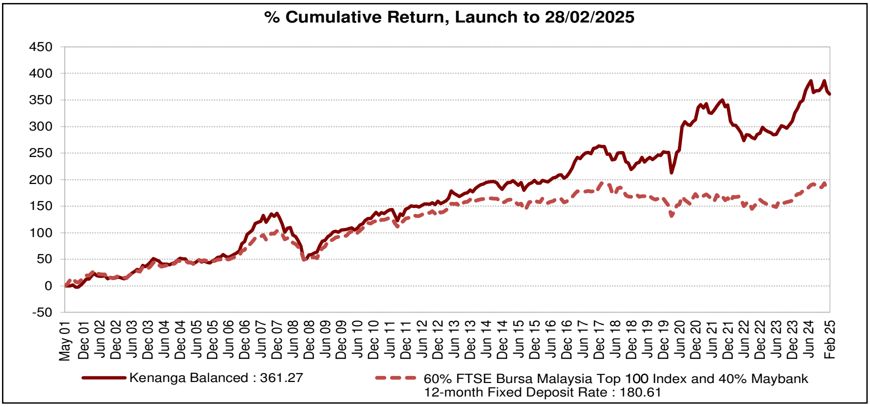
2. MANAGER'S REPORT

2.1 Explanation on whether the Fund has achieved its investment objective

Since inception, the Fund has appreciated by 361.27% in net asset value terms, outperforming its benchmark increase of 180.61%. In terms of risk and volatility, as at 28 February 2025, the Fund achieved a 3-year annualized standard deviation of 7.36 and is also classified as low volatility under the Lipper Fund Volatility Classification. The Fund's performance has therefore satisfied the objective of the Fund.

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

Performance Chart Since Launch (23/05/2001 – 28/02/2025)
Kenanga Balanced Fund vs Benchmark*



Source: Novagni Analytics and Advisory
**Benchmark: 60% FTSE Bursa Malaysia Top 100 Index and 40% Maybank 12-month Fixed Deposit Rate*

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

During the financial year under review, the Fund invested mainly in a balanced portfolio of equity and fixed income securities. On the equity front, the Fund rebalanced the portfolio into both defensive and high yielding stocks, and domestic demand sectors like financials, property and construction. Similarly, on the fixed income front, the Fund invested in a careful selection of high-grade fixed income securities with emphasis placed on credit-worthy issuers.

2.4 The Fund's asset allocation as at 28 February 2025 and comparison with the previous financial year

Asset	28 Feb 2025	29 Feb 2024
Listed investment securities	50.0%	55.6%
Unlisted options	0.8%	0.8%
Unlisted corporate bonds	31.2%	32.0%
Unlisted government bonds	3.1%	2.0%
Short term deposits and cash equivalents	14.9%	9.6%

Note: The above mentioned percentages are based on total net asset value (NAV)

2.4 The Fund's asset allocation as at 28 February 2025 and comparison with the previous financial year (contd.)

Reason for the differences in asset allocation

The Fund's equity asset allocation decreased by 5.6% to lock in on market returns in the property, construction and financial sectors. Meanwhile, the Fund Manager rebalanced the Fund's fixed income allocation by increasing exposure to government bonds, to capture the sustained market demand during the financial year under review.

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

	Year under review
KBF	6.29%
60% FTSE Bursa Malaysia Top 100 Index and 40% Maybank 12-month Fixed Deposit Rate	2.90%

Source: Lipper

The Fund recorded a positive return of 6.29%, outperforming the benchmark return by 3.39%. The outperformance was attributed to the appreciation of equity and bond prices, coupled with steady coupon income during the financial year under review.

2.6 Review of the market

Equity market review

In US, the S&P 500, Dow Jones, and Nasdaq were up 3.1%, 2.1%, 1.8% month-on-month (MoM) in March respectively, fueled by the continued optimism over the economy, potential rate cuts, and business opportunities in the artificial intelligence (AI) space. The street now expects Gross Domestic Product (GDP) to grow at 2.2% in 2024. The US Federal Reserve (Fed) maintained rates at 5.25% to 5.5%, keeping rates steady for the fifth consecutive meeting. Fed Chair Jerome Powell emphasized that the Fed remains "fully committed" to bring inflation down to its 2.0% target. However, the inflation rate which rose to 3.2% year-on-year (YoY) in February 2024 suggests that the path to the Fed's target could be longer and bumpier than expected as the labor market and economic growth remain strong, elevating prices. Locally, FBM Small Cap, FBM Shariah and FBM 100 registered MoM gains of 3.1%, 1.0% and 0.5% respectively, whereas FBM KLCI fell 1.0% MoM. Foreigners turned net sellers after strong net foreign inflows in January to February and foreign ownership eased to 19.6% at end-March, from 19.9% at end-February.

In April, US equities fell sharply, with the Dow Jones, S&P 500 and Nasdaq falling 5.0%, 4.2% and 4.4% respectively due to a higher-than-expected inflation print which sparked fears of delays for interest rate cuts. US Consumer Price Index (CPI) rose 0.4% MoM, coming in higher than consensus' expectation of 0.3%. On a YoY basis, both headline and core CPI rose to 3.5% and 3.8% respectively, above economists' forecasts. In addition, March saw an additional 303,000 jobs added, way ahead of the 200,000 jobs anticipated. However, China/Hong Kong (Hang Seng) equities rallied 7.4% post conclusion of the Politburo's quarterly meeting, which gave special attention on solving the property sector issues. Main highlight was the explicit mention for local governments, property developers and financial institutions to ensure delivery of pre-sold homes.

2.6 Review of the market (contd.)

Equity market review (contd.)

Locally, the FBMKLCI rallied by 2.6%, reaching a two-year high of 1,576 basis points (bps) despite the Middle East geopolitical concerns and persistent selling by foreign investors. The broader market rallied, as well with FBM100, FBM Shariah and FBM Small Cap rising 2.5%, 3.8% and 3.4% respectively. While foreign selling continued for the second consecutive month at RM1.37 billion, net selling momentum fell by 52.0% MoM. In commodities, Brent crude oil prices grew 0.4% to USD 87.86/bbl amidst the Middle East geopolitical conflict. Meanwhile, Crude palm oil (CPO) declined 7.1% to RM3,818/ton as palm oil imports from India declined while soybean against CPO premiums narrowed as soybean acreage increased with more soybean supply coming in the next harvesting cycle.

US equities rose in the month of May driven by better-than-expected corporate earnings, investors' optimism on the economic outlook and expectation of interest rate cut later this year. US CPI rose 0.3% in April after advancing 0.4% in February and March. On an annual basis, both headline and core CPI rose to 3.4% and 3.6% respectively. US Dow Jones, S&P 500 and Nasdaq rose 2.3%, 4.8%, and 6.9% MoM respectively. US announced new tariffs on USD 18 billion of goods from China, including quadruple tariffs on Chinese electric vehicles (to 100% from the current 25%) to protect US manufacturers. Tariffs were also increased on medical supplies and solar supplies as the Biden administration extended the Section 301 Tariffs on Imports from China, which started in 2018 and covers USD 300 billion of Chinese products. Locally, the FBMKLCI was up 1.3% in May driven by the return of foreign investors and strong 1Q earnings results. The broader market rallied, with FBM100, FBM Shariah and FBM Small Cap rising 2.3%, 2.5% and 4.1% respectively. Foreign investors turned net buyers of RM1.5 billion of equities in May, after being a net-sellers in the previous two months. This brings down year-to-date (YTD) foreign net sell to RM0.7 billion. Sector wise, technology was the best performer in May, followed by construction and property. The Malaysian economy grew at a higher rate of 4.2% in the 1Q2024 (4Q2023: 2.9%), driven by stronger private expenditure and positive turnaround in exports. Prime Minister Dato' Seri Anwar Ibrahim announced the largest-ever increase in civil servants' remuneration, exceeding 13%, to take effect from 1 December 2024. Meanwhile, the Malaysia's Employees Provident Fund (EPF) approved more than RM5.5 billion in the new Account 3 withdrawals, which could support consumer spending. In commodities, Brent crude oil prices fell 7.1% MoM to USD 81.6/bbl amidst supply concern and hopes for easing tensions in the Middle East after few occurrences of clashes between Iran and Israel. Meanwhile, CPO rose 6.8% to RM4,076/ton on the back of stronger soybean prices and expectation of stronger demand.

Global equity markets continued to perform well in June 2024, with the US S&P 500, Nasdaq, and Dow Jones increasing by 3.5%, 6.0%, and 1.1% MoM respectively. The rally in the US market was mainly driven by better-than-expected corporate earnings. Wall Street is forecasting steady earnings growth through 2025. Even after excluding mega cap technology stocks, the earnings outlook remains decent. US inflation cooled slightly to 3.3% in May, compared to the economists' expectation of 3.4%. The Fed has decided to hold interest rates steady after its meeting on 11-12 June. The Fed now expects only one cut in 2024 amidst sticky inflation, with economists anticipating the first cut in September 2024. Locally, the FBMKLCI was down slightly by 0.4% MoM in June, but the FBM100, FBM Shariah, and FBM Small Cap were up by 0.24%, 1.29%, and 3.64% MoM respectively. The Malaysian market finished the first half of 2024 strongly, with the FBMKLCI, FBM100, FBM Shariah and FBM Small Cap up by 9.3%, 12.5%, 14.2%, and 18.0% respectively.

2.6 Review of the market (contd.)

Equity market review (contd.)

Foreign investors turned net sellers of RM61.2 million worth of equities in June, after being net buyers in May 2024. This brings the YTD foreign net sales to RM0.8 billion. Sector-wise, construction was the best performer in June, increasing by 8.4% MoM due to the rollout of infrastructure projects in Malaysia. Technology was the second-best performing sector for June, increasing by 5.1% MoM due to better earnings prospects moving into the second half of 2024. In commodities, Brent crude oil prices increased by 5.9% MoM to USD 86.4/bbl amidst supply concerns and rising tensions in the Middle East. Meanwhile, CPO declined by 3.9% to RM3,916/ton due to substitution effect and expectation in rise of soybean supply.

Global equity markets remained highly volatile during July amid rapidly changing macroeconomic and geopolitical environment. A weaker-than-expected US CPI reading early in the month, combined with weaker US labour market data, reassured bond investors that the Fed will soon begin cutting interest rates. Investors now expect the first Fed rate cut in September and are currently pricing almost three US rate cuts this year, with around 150bps worth of cuts by June 2025. In June, the Dow Jones Industrial Average and S&P 500 rose 4.4% and 1.1% respectively while Nasdaq slipped 0.7% as investors rotated out of mega-caps tech names. Locally, the FBMKLCI, FBM100, FBM Shariah and FBM Small Cap were up by 2.23%, 2.64%, 1.67% and 0.63% MoM in July respectively. The FBMKLCI remained the top performer in the region and Malaysia was the only country to see net foreign inflows in July, albeit marginal. In commodities, Brent crude oil prices declined by 6.6% MoM to USD 80.7/bbl as the market weighed the impact of weaker demand from China against supply issues arising from tensions in the Middle East. Meanwhile, CPO declined by 0.2% to RM3,908/ton despite strong July export as a stronger ringgit weighed down the price.

In August 2024, volatility was the key theme. US equity markets sold off sharply in the beginning of the month on the back of labour market weakness (July unemployment rate spiked to 4.3% and jobs addition came significantly below expectations) and unwinding of the Japanese Yen carry trade. However, the index whipsawed higher by the end of the month as the Fed indicated the possibility of an interest rate cut soon and stronger-than-expected July retail sales relieved investors of recession fears. The Dow Jones Industrial Average closed the month 1.8% higher, while the S&P 500 rose 2.3%, and the Nasdaq grew 0.6%. Investors continue to expect the first Fed rate cut in September, and a total of four cuts by the end of 2024. The FBMKLCI and FBM100 were up 3.27% and 0.65% MoM respectively, while the FBM Shariah and FBM Small Cap declined 3.73% and 10.07% respectively. Sector-wise, only financial and plantation posted gains, with the former being the best performing sector in August, up 8.5% MoM benefiting from foreign inflows, while the latter was up 1.5% MoM. The technology sector was the worst performing sector, down 14.9% MoM. Unsurprisingly, the financial and plantation heavy FBMKLCI performed the strongest within Malaysia. In August, Malaysia saw foreign net inflows of RM2.5 billion, the highest monthly foreign inflow in 2024, and since March 2022. Brent crude oil prices fell 2.4% MoM to USD 78.8/bbl. mainly attributable to weaker Chinese economic data raising demand concerns. Meanwhile, CPO rose 1.8% to RM3,977/ton despite stronger ringgit as Indonesia production was slower-than-expected.

2.6 Review of the market (contd.)

Equity market review (contd.)

Equities in September saw moderate easing from last month's volatility, ultimately moving with upwards bias in most markets. The key headline was rate cuts as the Fed delivered its first cut of the cycle of 50bps, and the European Central Bank (ECB) executed its second 25bps cut in the year. Concerns that the 'upsized' Fed move was led by weakening growth were brushed aside by two consecutive better-than-expected jobless claims reports. As such, all three major US indices pushed through positive gains of 2.0 to 3.0% for the month, with the Dow Jones and S&P 500 also notching new record highs. While the Fed's 'dot-plot' indicate another 50bps reduction before end-2024 and further 100bps in 2025, markets are positioned slightly ahead with an additional 50bps reduction already priced in for that period. Locally, markets took a breather with the KLCI and FBM100 declining 1.8% and 1.4% respectively, and the FBM Small Cap easing 0.6%. By sector, energy and technology counters were the widest drag as investors factored in lower crude oil prices and stronger ringgit impact on export-oriented industries; though offset by gains in healthcare and construction. Commodity prices generally eased in September on concerns of flagging global growth, though saw some pick-up near month end following news of China stimulus. Brent crude oil prices retraced 9.0% over the month as concerns over Middle East-related production disruption dissipated. CPO prices staged a mild 0.5% recovery as its competing soybean oil prices bottomed after over 2 months of price decline.

Equities slid in October as the 2024 US presidential elections approached. US equities traded higher for most of the month but fell in the final days, with Dow Jones and S&P 500 ending the month down 1.3% and 1.0% respectively. Economic activity remained robust, with 3Q GDP advancing 2.8% despite a disappointing jobs report and weaker-than-expected Institute for Supply Management (ISM) data. The MSCI Asia Ex-Japan declined by 4.5% amidst a global equity sell-off. Market sentiment was influenced by shifting poll results suggesting a potential Trump presidency, with investors likely pricing in risks such as universal tariffs and higher tariffs on China. Locally, the KLCI and FBM100 declined by 2.9% and 1.7% respectively due to foreign investors' profit-taking. Foreigners sold a net RM1.77 billion of equities in October, reversing three consecutive months of net buying, which reduced year-to-date net inflows to RM1.8 billion. The construction, real estate investment trust (REIT), and healthcare sectors were the top performing indices in October, while the utilities, telecom and consumer sectors lagged. On 18 October, the Prime Minister unveiled the 2025 National Budget, totaling RM421 billion or 20.2% of the GDP. The proposed budget aims to reduce subsidies, cut fiscal deficit, and address demands for higher wages and improved social welfare. Among the budget measures, Malaysia is considering a tiered pricing mechanism for RON95 petrol subsidies, and proposing a 2% dividend income tax for publicly listed and privately held companies. In commodities, Brent crude rose by 1.9% and the West Texas Intermediate (WTI) gained 1.6% amidst heightened tensions in the Middle East. Meanwhile, CPO jumped 17.6%, driven by supply tightness in palm oil and strong export demand from India and China.

November 2024 began with the US presidential elections, where Donald Trump won a sweeping victory over his rival, Kamala Harris. Trump's re-election as the 47th President, coupled with the widely expected 25bps cut in the federal fund rate, led to optimism in US equities. US' 3 major indexes climbed higher with positive gains of 5.0% to 7.0%, with the Dow Jones and S&P 500 finishing November at record highs. October's headline CPI grew to 2.6%, marking the first annual rise since March 2024, whereas core CPI rose to 3.3%. Locally, FBM Shariah (-0.2% MoM) and KLCI (-0.4% MoM) underperformed against the FBM100 (+0.1% MoM) and FBM Small Cap (+2.0% MoM). By sector, healthcare (+5.3% MoM), plantation (+3.8% MoM), and utilities (+3.6% MoM) led the gains.

2.6 Review of the market (contd.)

Equity market review (contd.)

Inversely, leading the losses were telco (-3.1% MoM), energy (-2.7% MoM), and industrial productions (-2.2% MoM). For the 9th consecutive meeting, BNM kept OPR at 3%, amidst stable inflation and steady growth. YTD, headline and core CPI currently averaged at 1.8% YoY, lower than BNM's initial forecast of 2.0% to 3.5%. Foreign flows were negative particularly in the final week following the US presidential elections. This resulted in significant outflow of RM3.1 billion for the month - the largest since March 2020 during the onset of COVID-19 lockdowns – turning YTD foreign flow negative at RM1.3 billion. Amongst commodities, Brent crude oil eased (-0.3% MoM) as markets shifts from supply risks to concerns over health of the global economy. Prices hovered USD 72/bbl to USD 76/bbl. during the month, amid steady supply from non-Organization of the Petroleum Exporting Countries (OPEC+) producers, increased Libyan output, and weaker demand from China. Meanwhile, CPO trended upwards (+6.9% MoM) due to heavy rains in SEA which disrupted productions, strong demand from major importing countries ahead of festive seasons, biodiesel mandates, and rising prices of competing vegetable oils.

With December being a relatively quiet month for most markets, KLCI's (+3.0% MoM) gain made it the best performer among the ASEAN markets. The broader indices performed better, with FBM 100 (+3.7% MoM), FBM Small Cap (+3.9% MoM) and FBM Shariah (+4.6% MoM). the three best-performing sectorial indices were technology (+11.1% MoM), healthcare (+10.5% MoM), and utilities (+8.6% MoM). The three worst-performing sectorial indices were finance (-0.1% MoM), consumer (+0.9% MoM), and REIT (+1.2% MoM). Foreign investors stayed net sellers of Malaysian equities in December 2024 for the third consecutive month, to the tune of RM2.9 billion. The net sell flows widened the cumulative net foreign outflow to RM4.2 billion in 2024, making it the highest annual net foreign outflow since 2020. Amongst commodities, Brent crude prices declined due to easing geopolitical tensions and rising supply. However, prices rebounded by end-December to around USD 74.6/bbl (+2.3% MoM), influenced by expanding Chinese factory activity. Meanwhile, CPO exhibited volatility (-11.4% MoM) as Indonesia's plan to increase its biodiesel mandate from 35% to 40% (B40) looks likely to be implemented gradually.

January 2025 kicked off with cautious optimism in global equity markets, with the Dow Jones, S&P 500 and Nasdaq rising 4.7%, 2.7% and 1.6% MoM respectively. However, technology related stocks came under pressure due to a knee-jerk reaction following the Biden administration's release of the Interim Final Rule (IFR) on Artificial Intelligence Diffusion. Global stocks rose as investors reacted positively to US President Trump's inauguration on 20 January, hinting at a potentially softer approach toward tariffs on China. Locally, FBM Small Cap, KLCI, FBM 100 and FBM Shariah declining 5.1%, 5.2%, 5.6%, and 6.8% MoM respectively, making Malaysia one of the worst performing markets in ASEAN. Rising external risks triggered a sharp selloff in Malaysia's data centre-related stocks and AI-linked proxies. Malaysia's advance 4Q2024 GDP growth moderated to 4.8% YoY (3Q2024: 5.3% YoY), below the consensus estimate of 5.2% YoY. Among commodities, Brent crude prices rose 2.8% MoM to USD 76.8/bbl, driven by heightened expectations of oil supply disruptions following the latest US sanctions on Russian energy trade. Meanwhile, CPO declined 3.6% MoM as sluggish demand from top buyer India, along with the premium pricing of palm oil over soy oil led many buyers to opt for the latter.

2.6 Review of the market (contd.)

Equity market review (contd.)

February 2025 saw a shift in global equity markets, with mixed performances across regions. The Dow Jones, S&P 500, and Nasdaq posted declines of 1.6%, 1.4%, and 4.0% MoM respectively as investor sentiment turned cautious amid a lacklustre earnings season and stretched valuations in mega-cap technology stocks. Trump's recent tariff measures began in early February, with a 10% tariff on Chinese imports taking effect on 4 February. The FBM 100, FBM Shariah and FBM Small Cap declining 0.7%, 2.8%, and 6.6% MoM respectively but FBM KLCI increasing by 1.1% MoM. The announcement of new US tariffs on Chinese imports further dampened sentiment, leading to a selloff in export-oriented and technology-linked stocks. Malaysia recorded foreign outflow of RM2.2 billion worth of equities in February 2025, slightly lower than RM3.1 billion outflow in January 2025. Among commodities, Brent crude prices declined by 4.7% MoM to USD 73.2/bbl, reflecting concerns over weaker global demand and the impact of new US tariffs on Chinese exports. Meanwhile, CPO increased by 6.2% MoM mainly due to wet weather affecting production.

Fixed income market review

In March 2024, the 2Y US Treasuries (UST) yield remained steady at 4.62% as mixed economic data and elevated inflation clouded the outlook for near-term interest rate cuts. On 20 March, the Fed kept interest rates unchanged at 5.25% to 5.50%, as widely expected. The committee reaffirmed its projections for 75bps of rate cuts in 2024 but reiterated its patient approach to lowering interest rates. Similarly, the Malaysian Government Securities (MGS) market remained stable in March, despite slightly higher domestic inflation. Malaysia's CPI edged higher to 1.8% YoY in February 2024 (January 2024: 1.5%) mainly due to the increase in water tariffs during the month. Meanwhile on 7 March, BNM kept the OPR at 3.00%, given the balanced outlook for growth. Overall, MGS yields were largely unchanged for the month, with the 3Y MGS and 10Y MGS closing at 3.50% and 3.86% respectively.

In April, UST weakened significantly after Fed officials indicated that it would take longer than previously anticipated for rate cuts to begin given the resilient US economy and slow inflation progress. The 2Y UST yield surged by 42bps to 5.04% while the 10Y UST yield rose 48bps to close at 4.68%. Subsequently in May, UST recovered as softer economic data and signs of weakness in the US labour market reignited expectations for the Fed to cut interest rates. UST continued to rally in June as further easing of US inflation bolstered rate cut expectations, despite a strong rebound in the US job market and hawkish signals from the Fed. On 13 June, the Fed kept the interest rates unchanged at 5.25% to 5.50% as widely expected, but surprisingly revised its projections to signal only 25bps of rate cuts in 2024 (previous forecast: 75bps) and 100bps cut in 2025 (previous forecast: 75bps). UST pared gains towards end-June as market participants mulled the potential fiscal and inflationary implications from US presidential election. UST yields ended 2Q2024 slightly higher with the 2Y UST yield adding 13bps to 4.75%, while the 10Y UST yield rose 20bps to 4.40%.

2.6 Review of the market (contd.)

Fixed income market review (contd.)

On the local front, MGS yields inched higher in April amidst the bearish sentiment in global bond markets and the weakening ringgit. 3Y and 10Y MGS yields edged 11bps higher to 3.61% and 3.97% respectively at end-April. Nonetheless in May, the MGS market saw renewed buying interest alongside the rally in UST, driving the 3Y MGS yield 3bps lower to 3.58%, while the 10Y MGS yield closed 8bps lower at 3.89%. MGS yields continued to edge lower in June, loosely tracking UST movements. On 27 June, both S&P Global Ratings and Fitch Ratings affirmed Malaysia's sovereign credit rating at A- and BBB+ respectively, with a stable outlook. Overall for 2Q2024, MGS yields were largely steady, as the 3Y MGS yield ended the quarter at 3.52% while the 10Y MGS yield was unchanged at 3.86%.

The UST market enjoyed a strong rally in July, as soft labour market data reignited recession concerns while US inflation posted its first decline since the pandemic, fanning expectations for imminent rate cuts. Although the Fed kept interest rates unchanged on 31 July, the Fed signaled that it is moving closer to rate cuts, as inflation continues to ease towards its 2.0% target. In August, UST extended its strong rally following the release of weaker jobs data and dovish comments by the Fed Chair, endorsing an imminent start to interest rate cuts and underlining policymakers' concerns over a softer labour market. The strong rally in UST continued in September as the Fed commenced its monetary policy easing cycle. As largely anticipated, the Fed slashed interest rates by 50bps, lowering its policy rate from 5.25% to 5.50%, to 4.75% to 5.00% during the Federal Open Market Committee (FOMC) meeting on 17-18 September. The UST yield curve bull steepened in 3Q2024, with the 2Y yield tumbling by 111bps QoQ to 3.64% while the 10Y yield plunged by 62bps QoQ to 3.78%.

Similarly, MGS yields fell in July as trade volume surged on strong buying interest from both local and foreign investors. In tandem, the ringgit rose against the US dollar to its strongest level since August 2023 as foreign investors increased exposure in Malaysian government bonds to a record high in July. MGS ended mixed in August, with shorter tenures registering some gains while the longer ends were softer, amidst the remarkable GDP growth of 5.9% YoY in 2Q2024 (1Q2024: 4.2%). In September, the MGS market was rangebound ahead of the Budget 2025 announcement in mid-October. BNM kept the OPR unchanged at 3.00% for the eighth consecutive meeting on 5 September amidst the stable domestic growth and inflation outlook. MGS yields ended 3Q2024 generally lower, with the 3Y MGS yield falling by 19bps QoQ to 3.33% while the 10Y MGS yield shed 15bps QoQ to 3.71%.

UST reversed gains in October with both 2Y and 10Y UST yields surging above 4%, as markets dialed back expected rate cuts due to hotter-than-expected inflation. The UST sell-off intensified amidst the uncertainty surrounding the US presidential election and fiscal deficit concerns. As widely expected on 7 November, the Fed lowered interest rates by 25bps to 4.50% to 4.75%. Meanwhile, US headline inflation rose to 2.6% YoY in October (September: 2.4%), driving the 10Y UST yield 17bps higher to 4.45%, before easing back to 4.17% at end-November. UST remained weak in December as the Fed's third consecutive rate cut, lowering interest rates by 25bps to 4.25% to 4.50%. Concurrently, the Fed signalled fewer rate cuts for 2025, i.e., 50bps instead of the 100bps projected earlier, citing caution over the inflation outlook. In response, UST yields rose as investors recalibrated their expectations for the year ahead. On a QoQ basis, the UST yield curve steepened as the 2Y UST yield added 60bps to 4.24%, while the 10Y UST yield climbed 79bps higher to end the year at 4.57%.

2.6 Review of the market (contd.)

Fixed income market review (contd.)

Locally, MGS yields trended higher in October as the bearish sentiment in UST spilled over into the local bond market. The MGS market was mildly softer in early November, in line with UST movements, before the higher yields attracted steady buying interest. BNM also announced the cancellation of the 3Y government bond auction scheduled for December, implying a much lower net supply of government bonds for the year, thus further supporting prices. In December, the MGS market was relatively subdued, as trade volume moderated towards year-end. Overall, the 3Y and 10Y MGS yields climbed 15bps and 11bps QoQ in 4Q24 to 3.48% and 3.82% respectively.

UST started 2025 on a positive note, amid mixed US economic data as well as looming uncertainties over the US growth and inflation outlook following the inauguration of President Donald Trump on 20 January. The Fed kept interest rates unchanged at 4.25% to 4.50% on 30 January as widely expected, turning slightly hawkish amid uncertainties stemming from elevated inflation and new US economic policies. Subsequently, UST rallied in February on growing rate cut expectations, on the back of US trade policy uncertainty and mixed economic data. Furthermore, the plunge in US consumer confidence also fanned expectations for additional rate cuts by the Fed, causing the UST yield curve to shift 20-30bps lower in February, with the 2Y and 10Y UST yields ending the month at 3.99% and 4.21% respectively.

On the local front, the MGS market was rangebound in January. BNM maintained the OPR at 3.00% for the tenth consecutive meeting on 22 January, in line with market expectations. Headline inflation edged down to 1.7% YoY in December (November: 1.8%), bringing the full-year 2024 average to 1.8% (2023: 2.5%). On 24 January, Moody's Ratings affirmed Malaysia's sovereign credit rating at A3 with a stable outlook. In February, the MGS market was relatively stable as trading volume picked up given the healthy profit-taking activities were met by strong reinvestment demand. MoM, 3Y and 10Y MGS yields continued to trend lower 3.44% (-2bps) and 3.79% (-1bp) respectively.

Equity market outlook

Investors will focus on the Trump administration's stance on trade, fiscal policies, and immigration, as well as potential shifts in the regulatory framework, which will emphasize the 'America First' philosophy and deficit reduction. This approach could result in some short-term pain including a hit to growth due to impact of the tariffs and budget cuts. On monetary policy, the Fed remains cautious and has adopted a wait and see approach. The interest rate cut expectations for 2025 is maintained at 50bps, bringing the federal funds rate to 3.9% towards the end of the year. Any further cuts would likely require real progress on inflation or signs of weakness in the labour market. In Malaysia, domestic growth outlook continues to be strong driven by an investment upcycle in infrastructure and property. However, the external environment is challenging, with tariffs and trade restrictions potentially impacting growth and exports.

2.6 Review of the market (contd.)

Fixed income market outlook

The flurry of US tariff announcements has injected fresh uncertainty into global financial markets. Investors remain cautious over escalating trade tensions that may put additional pressure on prices and consumer sentiment. In 4Q2024, the US economy grew at a slower pace of 2.3% quarter-on-quarter (QoQ) (3Q2024: 3.1%), bringing FY2024 growth to 2.8%. Nonetheless, Fed officials continue to signal that the central bank is in no hurry to adjust its monetary policy, pending further clarity on the US economic outlook. Meanwhile, given the heightened uncertainties, UST yields could remain volatile over the near term, as investors react to policy announcements and incoming economic data.

Locally, the Malaysian economy expanded at a solid pace of 5.0% YoY in 4Q2024, surpassing consensus estimates of 4.8%, bringing FY2024 growth to 5.1%. For FY2025, growth is projected at 4.5% to 5.5%, anchored by resilient domestic spending. Inflation should remain manageable between 2.0% to 3.5% (2024: 1.8%), subject to global developments and spill over effects from announced policy measures (e.g., retargeting of subsidies and minimum wage revision). Over the near term, BNM is expected to keep the OPR unchanged at 3.00% to support the economy amid external headwinds to growth. Prospects for the local bond market remain favourable, given the stable interest rate outlook, ample market liquidity and steady demand from long-term fixed income investors.

Strategy

In equity, we remain positive but focused more on stock picking for 2025. We still favor sectors such as financials, construction, property, new energy, utilities, healthcare and consumption. We are selective in the technology space, as despite near term headwinds, it is the key beneficiary of long-term secular growth trends such as automation, EVs and supply chain relocation.

For fixed income, we continue our investment strategy of investing in liquid, highly sought-after bonds, to enable swift reaction to changes in market sentiment or outlook. Our focus will continue to be on healthy credits, stable long-term cashflows, solid financial metrics and good corporate governance. Given lingering macroeconomic uncertainties, we overweight on sectors that are resilient to economic cycles. Furthermore, we overweight on corporate bonds for their enhanced yield relative to lower yielding government bonds.

2.7 Distributions

For the financial year under review, the Fund did not declare any income distributions.

2.8 Details of any unit split exercise

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

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

There were no significant changes in the state of affairs of the Fund during the financial year under review 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 year under review.

2.11 Rebates and soft commissions

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

During the financial year under review, the Manager received soft commissions from its stockbrokers who have also executed trades for other funds or investments managed by the Manager. The soft commissions were utilised for research and advisory services that assist in the investment decision making process. The soft commissions received were for the benefit of the fund and there was no churning of trades.

2.12 Cross-trade

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

2.13 Securities financing transactions

Securities financing transactions are transactions consisting of securities lending or repurchase. During the financial year under review, the Fund had not undertaken any securities financing transactions.

3. FUND PERFORMANCE

3.1 Details of portfolio composition of the Fund for the last three financial years as at 28/29 February are as follows:

a. Distribution among industry sectors and category of investments:

	FY 2025 %	FY 2024 %	FY 2023 %
Industrial Products and Services	11.8	11.7	12.9
Construction	6.8	3.5	3.9
Financial Services	6.5	5.8	6.9
Technology	4.5	9.4	15.9
Health Care	4.3	3.4	3.1
Consumer Products and Services	4.0	2.9	3.8
Energy	3.4	3.4	3.4
Utilities	2.3	6.0	0.3
Property	1.9	3.1	-
Telecommunication and Media	1.7	2.4	1.8
Plantation	0.3	0.9	-
Real Estate Investments Trusts	2.5	1.7	0.9
Transportation and Logistics	-	1.3	1.0
Listed warrants	-	0.1	0.1
Unlisted corporate bonds	31.2	32.0	35.4
Unlisted government bonds	3.1	2.0	-
Unlisted options	0.8	0.8	0.9
Short term deposits and cash equivalents	14.9	9.6	9.7
	100.0	100.0	100.0

Note. The above mentioned percentages are based on total net asset value (NAV)

b. Distribution among markets

The Fund invests in local listed investment securities, unlisted bonds, unlisted options, and short term deposits and cash equivalents only.

3.2 Performance details of the Fund for the last three financial years ended 28/29 February are as follows:

	FY 2025	FY 2024	FY 2023
Net asset value ("NAV") (RM Million)	78.26	73.23	66.47
Units in circulation (Million)	149.87	149.07	149.31
NAV per unit (RM)	0.5222	0.4913	0.4452
Highest NAV per unit (RM)	0.5593	0.4920	0.4613
Lowest NAV per unit (RM)	0.4867	0.4304	0.4129
Total return (%)	6.29	10.35	-2.37
- Capital growth (%)	6.29	10.35	-2.37
- Income growth (%)	-	-	-
Gross distribution per unit (sen)	-	-	-
Net distribution per unit (sen)	-	-	-
Total expense ratio ("TER") (%)[1]	1.60	1.62	1.58
Portfolio turnover ratio ("PTR") (times)[2]	0.51	0.44	0.42

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

TER 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 years/period under review.

1. *TER is lower against the previous financial year mainly due to higher expenses incurred during the financial year under review.*

2. *PTR is higher due to higher trading activities during the financial year under review.*

3.3 Average total return of the Fund

	1 Year 29 Feb 24 - 28 Feb 25	3 Years 28 Feb 22 - 28 Feb 25	5 Years 29 Feb 20 - 28 Feb 25
KBF	6.29%	4.79%	6.07%
60% FTSE Bursa Malaysia Top 100 Index and 40% Maybank 12-month Fixed Deposit Rate	2.90%	1.82%	2.62%

Source: Lipper

3.4 Annual total return of the Fund

	Year under review 29 Feb 24 - 28 Feb 25	1 Year			
		28 Feb 23- 29 Feb 24	28 Feb 22- 28 Feb 23	28 Feb 21- 28 Feb 22	29 Feb 20- 28 Feb 21
KBF	6.29%	10.35%	-2.37%	-8.73%	25.54%
60% FTSE Bursa Malaysia Top 100 Index and 40% Maybank 12-month Fixed Deposit Rate	2.90%	6.89%	-4.64%	-0.72%	7.43%

Source: Lipper

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

KENANGA BALANCED FUND

Audited Financial Statements Together with Trustee's Report, Independent Auditors' Report and Statement by the Manager

28 February 2025

KENANGA BALANCED FUND

CONTENTS

TRUSTEE'S REPORT
TO THE UNIT HOLDERS OF KENANGA BALANCED FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 28 February 2025 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **Kenanga Investors Berhad** has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;

2. Valuation and pricing is carried out in accordance with the deed; and

3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For and on behalf of
CIMB Commerce Trustee Berhad

Tok Puan Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia

28 April 2025

Independent auditors' report to the unit holders of Kenanga Balanced Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kenanga Balanced Fund (the "Fund"), which comprise the statement of financial position as at 28 February 2025, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 7 to 47.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 28 February 2025, and of its financial performance and cash flows for the financial year then ended in accordance with MFRS Accounting Standards and IFRS Accounting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

Independent auditors' report to the unit holders of Kenanga Balanced Fund (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 MFRS Accounting Standards and IFRS Accounting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

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

Independent auditors' report to the unit holders of Kenanga Balanced Fund (contd.)

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- 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.

Independent auditors' report to the unit holders of Kenanga Balanced Fund (contd.)

Other matters

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

Ernst & Young PLT	Ahmad Siddiq Bin Ahmad Hasbullah
202006000003 (LLP0022760-LCA) & AF 0039	No.03675/07/2026 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
28 April 2025

STATEMENT BY THE MANAGER

I, **Datuk Wira 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 28 February 2025 and the related statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial year ended 28 February 2025 together with notes thereto, are drawn up in accordance with MFRS Accounting Standards and IFRS Accounting Standards so as to give a true and fair view of the financial position of **Kenanga Balanced Fund** as at 28 February 2025 and of its financial performance and cash flows for the financial year then ended and comply with the requirements of the Deed.

For and on behalf of the Manager
KENANGA INVESTORS BERHAD

DATUK WIRA ISMITZ MATTHEW DE ALWIS
Executive Director/Chief Executive Officer

Kuala Lumpur, Malaysia

28 April 2025

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

	Note	2025 RM	2024 RM
INVESTMENT INCOME			
Interest income		1,396,746	1,252,298
Dividend income		1,056,508	1,038,936
Net gain from investments:			
- Financial assets at fair value through profit or loss ("FVTPL")	4	3,472,424	6,104,768
		5,925,678	8,396,002
EXPENSES			
Manager's fee	5	1,154,416	1,001,669
Trustee's fee	6	38,481	33,389
Auditors' remuneration		13,300	14,700
Tax agent's fee		6,600	1,500
Administration expenses		21,632	29,720
Brokerage and other transaction costs		323,307	469,013
		1,557,736	1,549,991
NET INCOME BEFORE TAX		4,367,942	6,846,011
Income tax	7	(4,791)	(7,495)
NET INCOME AFTER TAX, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		4,363,151	6,838,516
Net gain after tax is made up as follows:			
Realised gain		5,866,136	155,755
Unrealised (loss)/gain	4	(1,502,985)	6,682,761
		4,363,151	6,838,516

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

STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2025

	Note	2025 RM	2024 RM
ASSETS			
INVESTMENTS			
Financial assets at FVTPL	4	66,609,162	66,216,457
Short term deposit	8	10,939,000	7,013,000
		77,548,162	73,229,457
OTHER ASSETS			
Amount due from Manager		416,233	-
Amount due from licensed financial institutions	9	213,155	972,262
Other receivables	10	55,652	28,526
Cash at bank		68,197	187,809
		753,237	1,188,597
TOTAL ASSETS		78,301,399	74,418,054
LIABILITIES			
Amount due to Manager		-	108,622
Amount due to Trustee		6,444	5,871
Amount due to licensed financial institutions	9	-	1,032,515
Other payables	11	39,015	36,178
TOTAL LIABILITIES		45,459	1,183,186
EQUITY			
Unit holders' contribution		65,626,691	64,968,770
Retained earnings		12,629,249	8,266,098
NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS	12	78,255,940	73,234,868
TOTAL LIABILITIES AND EQUITY		78,301,400	74,418,054
NUMBER OF UNITS IN CIRCULATION	12(a)	149,866,288	149,067,766
NAV PER UNIT (RM)		0.5222	0.4913

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

STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

	Note	Unit holders' contribution RM	Retained earnings RM	Total NAV RM
2025				
At beginning of the financial year		64,968,770	8,266,098	73,234,868
Total comprehensive income		-	4,363,151	4,363,151
Creation of units	12(a)	8,410,556	-	8,410,556
Cancellation of units	12(a)	(7,752,635)	-	(7,752,635)
At end of the financial year		65,626,691	12,629,249	78,255,940
2024				
At beginning of the financial year		65,039,743	1,427,582	66,467,325
Total comprehensive income		-	6,838,516	6,838,516
Creation of units	12(a)	11,310,935	-	11,310,935
Cancellation of units	12(a)	(11,381,908)	-	(11,381,908)
At end of the financial year		64,968,770	8,266,098	73,234,868

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

	2025 RM	2024 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of financial assets at FVTPL	41,415,232	27,837,795
Interest received	1,415,738	1,240,094
Dividends received	1,025,266	1,024,973
Tax agent's fee paid	-	(3,500)
Auditors' remuneration paid	(12,300)	(11,300)
Payment for other fees and expenses	(26,395)	(23,608)
Trustee's fee paid	(37,908)	(32,925)
Manager's fee paid	(1,149,480)	(992,946)
Purchase of financial asset at FVTPL	(38,951,896)	(28,733,199)
Cash generated from operating and investing activities	3,678,257	305,384
Income tax paid	-	(7,495)
Net cash generated from operating and investing activities	3,678,257	297,889
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units created	7,905,724	11,325,880
Cash paid on units cancelled	(7,777,593)	(11,356,950)
Net cash generated/(used in) from financing activities	128,131	(31,070)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,806,388	266,819
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	7,200,809	6,933,990
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	11,007,197	7,200,809
Cash and cash equivalents comprise:		
Cash at bank	68,197	187,809
Short term deposit	10,939,000	7,013,000
	11,007,197	7,200,809

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Kenanga Balanced Fund (the “Fund”) was constituted pursuant to the executed Master Deed dated 30 April 2001 (collectively, together with deeds supplemental thereto, referred to as the “Deed”) between the Manager, Kenanga Investors Berhad, and HSBC (Malaysia) Trustee Berhad (the “Trustee” prior to 3 December 2013) as the Trustee. The Fund had changed its trustee to CIMB Commerce Trustee Berhad (the “Trustee”). The aforesaid change was effected on 3 December 2013 via a Fourth Master Supplemental Deed dated 19 November 2013. The Fund commenced operations on 23 May 2001 and will continue to be in operation until terminated as provided under Part 12 of the Deed.

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

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

The Fund aims to provide a portfolio of investments with lower risk and lower volatility for investors.

The financial statements were authorised for issue by the Chief Executive Officer of the Manager on 28 April 2025.

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.

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 investments' prices caused by uncertainties in the economic, political and social environment will affect the NAV of the Fund.

The Manager manages the risk of unfavourable changes in prices by cautious review of the 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 unlisted corporate bonds, unlisted government bonds and short term deposit.

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

Interest rate risk sensitivity

The following table demonstrates the sensitivity of the Fund's income for the financial year to a reasonably possible change in interest rate, with all other variables held constant.

	Changes in rate Increase/(Decrease) Basis points	Effects on income for the financial year Gain/(Loss) RM
2025		
Financial assets at FVTPL	5/(5)	(45,293)/45,442
2024		
Financial assets at FVTPL	5/(5)	(42,635)/42,574

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

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

a. Market risk (contd.)

i. Interest rate risk (contd.)

Interest rate risk exposure

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

	Up to 1 year RM	Above 1 year - 5 years RM	Above 5 years RM	Non-exposure to interest rate movement RM	Total RM	Weighted average effective interest rate* %
2025						
Assets						
Financial assets at FVTPL	5,422,794	11,613,549	9,569,356	40,003,463	66,609,162	4.0
Short term deposit	10,939,000	-	-	-	10,939,000	3.1
Other financial assets	-	-	-	753,237	753,237	
	16,361,794	11,613,549	9,569,356	40,756,700	78,301,399	
Liabilities						
Other financial liabilities	-	-	-	6,444	6,444	
Total interest rate sensitivity gap	16,361,794	11,613,549	9,569,356	40,750,256	78,294,955	

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

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

a. Market risk (contd.)

i. Interest rate risk (contd.)

Interest rate risk exposure (contd.)

	Up to 1 year RM	Above 1 year - 5 years RM	Above 5 years - 15 years RM	Non-exposure to interest rate movement RM	Total RM	Weighted average effective interest rate* %
2024						
Assets						
Financial assets at FVTPL	1,999,120	15,061,180	7,505,190	41,650,967	66,216,457	4.0
Short term deposit	7,013,000	-	-	-	7,013,000	3.0
Other financial assets	-	-	-	1,188,597	1,188,597	
	9,012,120	15,061,180	7,505,190	42,839,564	74,418,054	
Liabilities						
Other financial liabilities	-	-	-	1,147,008	1,147,008	
Total interest rate sensitivity gap	9,012,120	15,061,180	7,505,190	41,692,556	73,271,046	

* 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 equity securities, listed collective investment schemes and listed warrants. The Fund invests in listed equity securities, listed collective investment schemes and listed warrant which are exposed to price fluctuations. This may then affect the NAV of the Fund.

Price risk sensitivity

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

	Changes in price Increase/(Decrease) Basis points	Effects on income for the financial year Gain/(Loss) RM
2025		
Financial assets at FVTPL	5/(5)	19,548/(19,548)
2024		
Financial assets at FVTPL	5/(5)	20,370/(20,370)

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	
	2025 RM	2024 RM	2025 %	2024 %
Financial assets at FVTPL	39,095,831	40,739,375	50.0	55.6

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

a. Market risk (contd.)

ii. Price risk (contd.)

Price risk concentration (contd.)

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

	Fair value		Percentage of NAV	
	2025	2024	2025	2024
	RM	RM	%	%
Industrial Products and Services	9,161,050	8,547,685	11.8	11.7
Construction	5,359,843	2,560,594	6.8	3.5
Financial Services	5,114,618	4,294,421	6.5	5.8
Technology	3,546,102	6,856,303	4.5	9.4
Health Care	3,383,157	2,496,131	4.3	3.4
Consumer Products and Services	3,105,302	2,121,437	4.0	2.9
Energy	2,624,139	2,480,008	3.4	3.4
Utilities	1,810,844	4,382,898	2.3	6.0
Property	1,522,203	2,278,294	1.9	3.1
Telecommunication and Media	1,309,311	1,776,090	1.7	2.4
Plantation	204,918	687,904	0.3	0.9
Transportation and Logistics	-	932,155	-	1.3
Real Estate Investments Trusts	1,926,156	1,253,293	2.5	1.7
Listed warrants	28,188	72,162	-^	0.1
	39,095,831	40,739,375	50.0	55.6

^ Denotes more than 0.01% but less than 0.1%.

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

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

Unlisted fixed income securities

	Percentage of total unlisted fixed income securities		Percentage of NAV	
	2025	2024	2025	2024
	%	%	%	%
Rating				
AA2/AA	44.7	40.2	15.3	13.7
AA3/AA-	22.0	14.8	7.6	5.0
AAA	13.1	14.1	4.5	4.8
AA1/AA+	4.5	6.0	1.5	2.0
A1/A+	3.8	16.0	1.3	5.5
A2/A	2.8	3.1	1.0	1.0
Not rated	9.1	5.8	3.1	2.0
	100.0	100.0	34.3	34.0

The following table analyses the Fund's portfolio of unlisted options by rating category:

Unlisted options

	Percentage of total unlisted options		Percentage of NAV	
	2025	2024	2025	2024
	%	%	%	%
Not rated	100.0	100.0	0.8	0.8

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

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

b. Credit risk (contd.)

iii. Credit quality of financial assets (contd.)

Short term deposit

	Percentage of total short term deposit		Percentage of NAV	
	2025	2024	2025	2024
	%	%	%	%
Rating				
P1/MARC-1	100.0	100.0	14.0	9.6

iv. Credit risk concentration

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

Unlisted fixed income securities

	Percentage of total unlisted fixed income securities		Percentage of NAV	
	2025	2024	2025	2024
	%	%	%	%
Real Estate	30.2	20.6	10.3	7.0
Energy and Utilities	23.1	25.0	8.0	8.5
Transportation and Storage	14.7	11.6	5.0	3.9
Consumer Discretionary	12.4	16.3	4.3	5.6
Government	9.1	5.8	3.1	2.0
Financial	6.4	8.1	2.2	2.7
Consumer Staples	3.7	4.0	1.3	1.4
Communications Services	0.4	8.6	0.1	2.9
	100.0	100.0	34.3	34.0

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

b. Credit risk (contd.)

iv. Credit risk concentration (contd.)

Unlisted options

	Percentage of total unlisted options		Percentage of NAV	
	2025	2024	2025	2024
	%	%	%	%
Telecommunications and Media	100.0	100.0	0.8	0.8

c. Liquidity risk

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

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

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

c. Liquidity risk (contd.)

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

	Note	No maturity RM	Up to 1 year RM	Above 1 year - 5 years RM	Above 5 years RM	Total RM
2025						
Assets						
Financial assets at FVTPL		-	45,426,257	11,613,549	9,569,356	66,609,162
Short term deposit		-	10,939,000	-	-	10,939,000
Cash at bank		68,197	-	-	-	68,197
Other financial assets		-	685,040	-	-	685,040
	i.	68,197	57,050,297	11,613,549	9,569,356	78,301,399
Liabilities						
Other financial liabilities	ii.	-	6,444	-	-	6,444
Equity	iii.	-	78,255,940	-	-	78,255,940
Liquidity gap		68,197	(21,212,087)	11,613,549	9,569,356	39,015

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

c. Liquidity risk (contd.)

	Note	No maturity RM	Up to 1 year RM	Above 1 year - 5 years RM	Above 5 years - 15 years RM	Total RM
2024						
Assets						
Financial assets at FVTPL		-	43,363,918	15,326,344	7,526,195	66,216,457
Short term deposit		-	7,013,000	-	-	7,013,000
Cash at bank		187,809	-	-	-	187,809
Other financial assets		-	1,000,788	-	-	1,000,788
	i.	187,809	51,377,706	15,326,344	7,526,195	74,418,054
Liabilities						
Other financial liabilities	ii.	-	1,147,008	-	-	1,147,008
Equity	iii.	-	73,234,868	-	-	73,234,868
Liquidity gap		187,809	(22,718,001)	15,061,180	7,505,190	36,178

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

c. Liquidity risk (contd.)

i. Financial assets

Analysis of financial assets at FVTPL into maturity groupings is based on the expected date on which these assets will be realised. The Fund's investments in listed equity securities, listed collective investment schemes and listed warrants 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. The unlisted options are also expected to be realised within a year. For other financial assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date on which the assets will be realised.

ii. Financial liabilities

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

iii. Equity

As the unit holders can request for redemption of their units, they have been categorised as having a maturity of "up to 1 year". However, the Fund believes that it would be able to liquidate its investments should the need arises to satisfy all the redemption requirements.

d. Regulatory reportings

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

a. Basis of accounting

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

a. Basis of accounting (contd.)

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the amended MFRS, which became effective for the Fund on 1 March 2024.

Description	Effective for financial periods beginning on or after
Amendments to MFRS 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to MFRS 101: *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to MFRS 101: *Non-current Liabilities with Covenants*	1 January 2024
Amendments to MFRS 107 and MFRS 7: *Supplier Finance Arrangements*	1 January 2024

The adoption of the amended MFRS did not have any material impact on the financial position or performance of the Fund.

b. Standards and amendments to standards issued but not yet effective

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

Description	Effective for financial periods beginning on or after
Amendments to MFRS 121: *Lack of Exchangeability*	1 January 2025
Amendments that are part of Annual Improvements—Volume 11: *Amendments to MFRS 1, 7, 9, 10 and 107*	1 January 2026
Amendments to MFRS 9 and MFRS 7: *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Amendments to MFRS 9 and MFRS 7: *Contracts Referencing Nature-dependent Electricity*	1 January 2026
MFRS 18: *Presentation and Disclosure in Financial Statements*	1 January 2027
MFRS 19 *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Withdrawal of MFRS 101: *Presentation of Financial Statements*	1 January 2027
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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

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

These pronouncements are not expected to have any material 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.

Financial assets are initially measured at their fair values plus, except in the case of financial assets recorded at FVTPL, transaction costs.

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

c. Financial instruments (contd.)

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

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and 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 the managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of sales are also important aspects of the Fund's assessment.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

c. Financial instruments (contd.)

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

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 judgement 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.

d. Derecognition of financial assets

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

d. Derecognition of financial assets (contd.)

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

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

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

- The Fund has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount 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. MATERIAL ACCOUNTING POLICY INFORMATION (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, which includes the accretion of discount and amortisation of premium on fixed income securities, is recognised using the effective interest method.

Dividend income is recognised on declared basis, when the right to receive the dividend is established. The income is presented gross of withholding tax which is disclosed separately.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

g. Income (contd.)

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

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.

i. Income tax

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

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

The Fund may also incur withholding taxes on income received on the financial instrument.

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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

n. Significant accounting judgements and estimates

In the process of applying the Fund's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Fund's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

Where the financial instruments are not traded in an active market, fair value may be established by using a valuation technique which includes, but is not limited to, using option prices, benchmarking to recent arm's length transactions between knowledgeable willing parties, and reference to the current fair value of another instrument that is substantially the same. The Fund uses valuation techniques which involves making assumptions based on market conditions and other factors as of reporting date.

4. FINANCIAL ASSETS AT FVTPL

	2025 RM	2024 RM
Financial assets held for trading, at FVTPL:		
Listed equity securities	37,141,487	39,413,920
Listed collective investment schemes	1,926,156	1,253,293
Listed warrants	28,188	72,162
Unlisted corporate bonds	24,463,463	23,443,668
Unlisted government bonds	2,439,030	1,438,284
Unlisted options	610,838	595,130
	66,609,162	66,216,457
Net gain on financial assets at FVTPL comprised:		
Realised gain/(loss) on disposals	4,975,409	(577,993)
Unrealised changes in fair values	(1,502,985)	6,682,761
	3,472,424	6,104,768

4. FINANCIAL ASSETS AT FVTPL (CONTD.)

Details of financial assets at FVTPL as at 28 February 2025:

	Quantity	Aggregate/ Amortised cost RM	Fair value RM	Percentage of NAV %
Listed equity securities				
Industrial Products and Services				
Aurelius Technologies Berhad	220,700	593,691	677,549	0.9
Coraza Integrated Technology Berhad	624,800	378,181	337,392	0.4
CPE Technology Berhad	450,000	504,161	375,750	0.5
Critical Holdings Berhad	377,700	304,235	309,714	0.4
Feytech Holdings Berhad	540,100	464,933	286,253	0.4
Kawan Renergy Berhad	574,300	389,280	404,881	0.5
Kelington Group Berhad	552,000	507,101	1,926,480	2.5
P.I.E. Industrial Berhad	47,300	272,437	184,470	0.2
Samaiden Group Berhad	342,900	331,382	411,480	0.5
Sarawak Consolidated Ind Berhad	261,700	137,848	44,489	0.1
Southern Cable Group Berhad	389,600	405,527	448,040	0.6
Sunway Berhad	742,500	1,253,735	3,422,925	4.4
Swift Energy Technology	1,087,300	386,209	331,627	0.4
		5,928,720	9,161,050	11.8
Construction				
Gamuda Berhad	515,206	1,081,141	2,246,298	2.9
IJM Corporation Berhad	602,600	1,353,617	1,265,460	1.6
Kerjaya Prospek Group Berhad	129,400	294,401	270,446	0.3
MN Holdings Berhad	295,000	305,217	309,750	0.4
UUE Holdings Berhad	1,824,300	1,403,641	1,267,889	1.6
		4,438,017	5,359,843	6.8
Financial Services				
Affin Bank Berhad	328,600	956,606	936,510	1.2
Alliance Bank Malaysia Berhad	312,000	1,138,532	1,638,000	2.1
AMMB Holdings Berhad	270,000	959,031	1,555,200	2.0

4. FINANCIAL ASSETS AT FVTPL (CONTD.)

Details of financial assets at FVTPL as at 28 February 2025 (contd.):

	Quantity	Aggregate/ Amortised cost RM	Fair value RM	Percentage of NAV %
Listed equity securities (contd.)				
Financial Services (contd.)				
CIMB Group Holdings Berhad	91,700	534,076	716,177	0.9
Well Chip Group Berhad	242,100	370,811	268,731	0.3
		3,959,056	5,114,618	6.5
Technology				
Cloudpoint Technology Berhad	767,300	698,281	656,042	0.8
Frontken Corporation Berhad	297,950	753,237	1,114,333	1.4
Greatech Technology Berhad	258,900	396,078	432,363	0.6
ITMAX System Berhad	320,600	1,116,247	1,250,340	1.6
Vetece Holdings Berhad	244,800	93,571	93,024	0.1
		3,057,414	3,546,102	4.5
Health Care				
Hartalega Holdings Berhad	345,200	1,123,629	776,700	1.0
IHH Healthcare Berhad	279,200	1,880,066	2,080,040	2.6
Optimax Holdings Berhad	948,500	591,846	526,417	0.7
		3,595,541	3,383,157	4.3
Consumer Products and Services				
99 Speed Mart Retail Holdings Berhad	409,600	753,620	864,256	1.1
Fraser & Neave Holdings Berhad	30,300	796,020	757,500	1.0
MBM Resources Berhad	85,000	344,418	459,850	0.6
Oriental Kopi Holdings Berhad	220,300	185,304	167,428	0.2
QL Resouces Berhad	176,550	653,472	856,268	1.1
		2,732,834	3,105,302	4.0

4. FINANCIAL ASSETS AT FVTPL (CONTD.)

Details of financial assets at FVTPL as at 28 February 2025 (contd.):

	Quantity	Aggregate/ Amortised cost RM	Fair value RM	Percentage of NAV %
Listed equity securities (contd.)				
Energy				
Dayang Enterprise Holdings Berhad	177,900	429,736	313,104	0.4
Dialog Group Berhad	133,200	291,998	210,456	0.3
Keyfield International Berhad	244,900	527,951	511,841	0.7
Northern Solar Holdings Berhad	733,800	546,908	374,238	0.5
Pekat Group Berhad	971,600	471,831	1,214,500	1.5
		2,268,424	2,624,139	3.4
Utilities				
Mega First Corporation Berhad	174,600	599,077	722,844	0.9
Tenaga Nasional Berhad	80,000	740,214	1,088,000	1.4
		1,339,291	1,810,844	2.3
Property				
IOI Properties Group Berhad	324,900	577,071	620,559	0.8
Mah Sing Group Berhad	528,500	784,863	655,340	0.8
UEM Sunrise Berhad	275,200	185,796	246,304	0.3
		1,547,730	1,522,203	1.9
Telecommunication and Media				
Telekom Malaysia Berhad	191,700	1,078,363	1,309,311	1.7
Plantation				
Johor Plantations Group Berhad	166,600	219,242	204,918	0.3
Total listed equity securities		30,164,632	37,141,487	47.5

4. FINANCIAL ASSETS AT FVTPL (CONTD.)

Details of financial assets at FVTPL as at 28 February 2025 (contd.):

	Quantity	Aggregate/ Amortised cost RM	Fair value RM	Percentage of NAV %
Listed collective investment schemes				
Real Estate Investment Trust				
AME Real Estate Investment Trust	507,000	583,950	795,990	1.0
KIP Real Estate Investment Trust	573,000	472,725	498,510	0.7
Sunway Real Estate Investment Trust	339,600	577,621	631,656	0.8
Total listed collective investment schemes		1,634,296	1,926,156	2.5
Listed warrants				
Optimax Holdings Berhad - WA	234,900	-	28,188	-
Total listed warrants		-	28,188	-
Unlisted corporate bonds				
Berapit Mobility Sdn Bhd maturing on 12/11/2036	400,000	407,532	410,577	0.5
Berapit Mobility Sdn Bhd maturing on 12/11/2041	600,000	611,512	615,978	0.8
DRB-Hicom Berhad maturing on 11/12/2026	2,200,000	2,223,094	2,260,516	2.9
Farm Fresh Berhad (formerly known as The Holstein Milk Company Sdn Bhd) maturing on 28/5/2026	1,000,000	1,009,478	1,008,608	1.3
Fortune Premiere Sdn Bhd maturing on 05/9/2025	4,200,000	4,337,724	4,328,544	5.5
IJM Land Berhad maturing on 19/3/2027	730,000	748,680	764,623	1.0

4. FINANCIAL ASSETS AT FVTPL (CONTD.)

Details of financial assets at FVTPL as at 28 February 2025 (contd.):

	Quantity	Aggregate/ Amortised cost RM	Fair value RM	Percentage of NAV %
Unlisted corporate bonds (contd.)				
OCK Group Berhad maturing on 24/11/2028	100,000	101,698	103,194	0.1
Quantum Solar Park (Semenanjung) Sdn Bhd maturing on 06/10/2026	1,400,000	1,452,382	1,462,034	1.9
reNIKOLA Solar II Sdn Bhd maturing on 29/9/2026	200,000	203,498	204,718	0.3
RHB Bank Berhad maturing on 20/10/2025	1,200,000	1,212,275	1,207,055	1.5
RHB Bank Berhad maturing on 28/9/2027	500,000	509,162	514,847	0.7
Sarawak Petchem Sdn Bhd maturing on 27/7/2028	300,000	305,115	312,798	0.4
SunREIT Bond Berhad (formerly known as SunREIT Unrated Bond Berhad) maturing on 20/7/2029	3,000,000	3,012,400	3,017,679	3.8
TNB Western Energy Berhad maturing on 30/7/2030	3,000,000	3,229,264	3,221,304	4.1
UMW Holdings Berhad maturing on 20/4/2028	1,000,000	1,046,321	1,086,890	1.4
Yinson Holdings Berhad maturing on 07/12/2026	1,000,000	1,012,469	1,022,419	1.3
Total unlisted corporate bonds		24,422,883	24,463,463	31.2

4. FINANCIAL ASSETS AT FVTPL (CONTD.)

Details of financial assets at FVTPL as at 28 February 2025 (contd.):

	Quantity	Aggregate/ Amortised cost RM	Fair value RM	Percentage of NAV %
Unlisted government bonds				
Government of Malaysia maturing on 15/7/2032	1,000,000	990,635	993,353	1.3
Government of Malaysia maturing on 15/7/2036	1,500,000	1,438,908	1,445,677	1.8
Total unlisted government bonds		2,429,543	2,439,030	3.1
Unlisted options				
Call/Put - Seni Jaya Corporation Berhad maturing on 18/8/2025	1,196,000	593,216	610,838	0.8
Total unlisted options		593,216	610,838	0.8
Total financial assets at FVTPL		59,244,570	66,609,162	85.1
Unrealised gain on financial assets at FVTPL			7,364,592	

5. MANAGER'S FEE

The Manager's fee is calculated on a daily basis at a rate not exceeding 2.00% per annum of the NAV of the Fund as provided under Division 13.1 of the Deed.

The Manager is currently charging Manager's fee of 1.50% per annum of the NAV of the Fund (2024: 1.50% per annum).

6. TRUSTEE'S FEE

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

The Trustee's fee is currently calculated at 0.05% per annum of the NAV of the Fund (2024: 0.05% per annum).

7. INCOME TAX

	2025 RM	2024 RM
Current income tax expense		
Local withholding tax	4,791	7,495
	4,791	7,495

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

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

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

	2025 RM	2024 RM
Net income before tax	4,367,942	6,846,011
Tax at Malaysian statutory tax rate of 24% (2024: 24%)	1,048,306	1,643,043
Tax effect of:		
Income not subject to tax	(1,782,878)	(2,153,759)
Losses not deductible for tax purposes	360,716	138,718
Expenses not deductible for tax purposes	88,910	121,633
Restriction on tax deductible expenses for unit trust fund	284,946	250,365
Local withholding tax	4,791	7,495
Income tax for the financial year	4,791	7,495

8. SHORT TERM DEPOSIT

Short term deposit is held with licensed financial institution in Malaysia at the prevailing interest rates.

9. AMOUNT DUE FROM/TO LICENSED FINANCIAL INSTITUTIONS

Amount due from/to licensed financial institutions relates to the amounts to be received from or paid to licensed financial institutions arising from the sales and purchases of investments.

10. OTHER RECEIVABLES

	2025 RM	2024 RM
Dividend receivable	53,824	27,373
Interest receivable from short term deposits	1,828	1,153
	55,652	28,526

11. OTHER PAYABLES

	2025 RM	2024 RM
Accrual for auditors' remuneration	13,300	12,300
Accrual for tax agent's fees	9,600	3,000
Provision for printing and other expenses	16,115	20,878
	39,015	36,178

12. NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS

NAV attributable to unit holders is represented by:

	Note	2025 RM	2024 RM
Unit holders' contribution	(a)	65,626,691	64,968,770
Retained earnings:			
Realised reserves/(deficits)		5,264,657	(601,479)
Unrealised reserves		7,364,592	8,867,577
		12,629,249	8,266,098
		78,255,940	73,234,868

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

(a) Unit holders' contribution

	2025		2024	
	No. of units	**RM**	**No. of units**	**RM**
At beginning of the financial year	149,067,766	64,968,770	149,309,262	65,039,743
Add: Creation of units	15,706,018	8,410,556	25,458,660	11,310,935
Less: Cancellation of units	(14,907,496)	(7,752,635)	(25,700,156)	(11,381,908)
At end of the financial year	149,866,288	65,626,691	149,067,766	64,968,770

The Manager, Kenanga Investors Berhad, and other parties related to the Manager did not hold any units in the Fund, either legally or beneficially, as at 28 February 2025 (2024: nil).

13. PORTFOLIO TURNOVER RATIO ("PTR")

PTR for the financial year is 0.51 times (2024: 0.44 times).

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

14. TOTAL EXPENSE RATIO ("TER")

TER for the financial year is 1.60% per annum (2024: 1.63% per annum).

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

15. TRANSACTIONS WITH LICENSED FINANCIAL INSTITUTIONS

	Transaction value RM	Percentage of total %	Brokerage, stamp duty and clearing fee RM	Percentage of total %
Hong Leong Investment Bank Berhad	16,505,313	22.1	42,038	19.2
UBS Securities Malaysia Sdn Bhd	13,792,625	18.5	45,604	20.8
Maybank Investment Bank Berhad	9,993,312	13.4	33,245	15.1
CIMB Securities Sdn Bhd	7,516,416	10.1	29,584	13.5
CLSA Securities Malaysia Sdn Bhd	4,949,165	6.6	16,315	7.4
TA Securities Holdings Berhad	4,904,498	6.6	15,621	7.1
RHB Investment Bank Berhad	3,833,274	5.2	5,593	2.5
Kenanga Investment Bank Berhad*	2,843,540	3.8	7,247	3.3
CGS International Securities Malaysia Sdn Bhd	1,522,658	2.1	4,803	2.2
AmInvestment Bank Berhad	1,286,701	1.7	6,962	3.2
Others	7,410,096	9.9	12,412	5.7
	74,557,598	100.0	219,424	100.0

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

The above transactions values are in respect of listed equity securities, listed collective investment schemes, listed warrant, unlisted corporate bonds, unlisted government bonds and unlisted options. Transactions in unlisted corporate bonds, unlisted government bonds and unlisted options do not involve any commission or brokerage fees.

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

16. SEGMENTAL REPORTING

a. Business segments

In accordance with the objective of the Fund, the Fund can invest a maximum of 60% of its NAV in listed Malaysian investment securities and a maximum of 40% of its NAV in fixed income instruments. The following table provides an analysis of the Fund's revenue, results, assets and liabilities by business segments:

	Listed investment securities RM	Unlisted investment securities RM	Other investments RM	Total RM
2025				
Revenue				
Segment income	4,488,503	40,429	1,396,746	
Segment expenses	(323,307)	-	-	
Net segment income representing segment results	4,165,196	40,429	1,396,746	5,602,371
Unallocated expenditure				(1,234,429)
Income before tax				4,367,942
Income tax				(4,791)
Net income after tax				4,363,151
Assets				
Financial assets at FVTPL	39,095,830	27,513,331	-	
Short term deposit	-	-	10,939,000	
Other segment assets	266,979	-	1,828	
Total segment assets	39,362,810	27,513,331	10,940,828	77,816,969
Unallocated assets				484,430
				78,301,399
Liabilities				
Unallocated liabilities				45,459

16. SEGMENTAL REPORTING (CONTD.)

a. Business segments (contd.)

	Listed investment securities RM	Unlisted investment securities RM	Other investments RM	Total RM
2024				
Revenue				
Segment income	6,886,279	257,425	1,252,298	
Segment expenses	(469,013)	-	-	
Net segment income representing segment results	6,417,266	257,425	1,252,298	7,926,989
Unallocated expenditure				(1,080,978)
Income before tax				6,846,011
Income tax				(7,495)
Net income after tax				6,838,516
Assets				
Financial assets at FVTPL	40,739,375	25,477,082	-	
Short term deposit	-	-	7,013,000	
Other segment assets	999,635	-	1,153	
Total segment assets	41,739,010	25,477,082	7,014,153	74,230,245
Unallocated assets				187,809
				74,418,054
Liabilities				
Segment liabilities	1,032,515	-	-	1,032,515
Unallocated liabilities				150,671
				1,183,186

b. Geographical segments

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

17. FINANCIAL INSTRUMENTS

a. Classification of financial instruments

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

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

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Other financial liabilities RM	Total RM
2025				
Assets				
Listed equity securities	37,141,487	-	-	37,141,487
Listed collective investment schemes	1,926,156		-	1,926,156
Listed warrant	28,188	-	-	28,188
Unlisted corporate bonds	24,463,463	-	-	24,463,463
Unlisted government bonds	2,439,030	-	-	2,439,030
Unlisted options	610,838	-	-	610,838
Short term deposit	-	10,939,000	-	10,939,000
Amount due from Manager	-	416,233	-	416,233
Amount due from licensed financial institutions	-	213,155	-	213,155
Other receivables	-	55,652	-	55,652
Cash at bank	-	68,197	-	68,197
	66,609,162	11,692,237	-	78,301,399
Liability				
Amount due to Trustee	-	-	6,444	6,444

17. **FINANCIAL INSTRUMENTS (CONTD.)**

a. Classification of financial instruments (contd.)

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Other financial liabilities RM	Total RM
2024				
Assets				
Listed equity securities	39,413,920	-	-	39,413,920
Listed collective investment schemes	1,253,293	-	-	1,253,293
Listed warrant	72,162	-	-	72,162
Unlisted corporate bonds	23,443,668	-	-	23,443,668
Unlisted government bonds	1,438,284	-	-	1,438,284
Unlisted options	595,130	-	-	595,130
Short term deposit	-	7,013,000	-	7,013,000
Amount due from licensed financial institutions	-	972,262	-	972,262
Other receivables	-	28,526	-	28,526
Cash at bank	-	187,809	-	187,809
	66,216,457	8,201,597	-	74,418,054
Liabilities				
Amount due to licensed financial institutions	-	-	1,032,515	1,032,515
Amount due to Manager	-	-	108,622	108,622
Amount due to Trustee	-	-	5,871	5,871
	-	-	1,147,008	1,147,008

b. Financial instruments that are carried at fair value

The Fund’s financial assets at FVTPL are carried at fair value.

17. 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:				
2025				
Listed equity securities	37,141,487	-	-	37,141,487
Listed collective investment schemes	1,926,156	-	-	1,926,156
Listed warrant	28,188	-	-	28,188
Unlisted corporate bonds	-	24,463,463	-	24,463,463
Unlisted government bonds	-	2,439,030	-	2,439,030
Unlisted options	-	-	610,838	610,838
	39,095,831	26,902,493	610,838	66,609,162
Investments:				
2024				
Listed equity securities	39,413,920	-	-	39,413,920
Listed collective investment schemes	1,253,293	-	-	1,253,293
Listed warrants	72,162	-	-	72,162
Unlisted corporate bonds	-	23,443,668	-	23,443,668
Unlisted government bond	-	1,438,284	-	1,438,284
Unlisted options	-	-	595,130	595,130
	40,739,375	24,881,952	595,130	66,216,457

Level 1: Listed prices in active market
Level 2: Model with all significant inputs which are observable market data
Level 3: Model with inputs not based on observable market data

The fair values of listed equity securities, listed collective investment schemes and listed warrants are determined by reference to Bursa Malaysia Securities Berhad's last traded prices at reporting date. The fair values of unlisted corporate bonds and unlisted government bond are based on evaluated mid prices provided by a bond pricing agency accredited by the Securities Commission Malaysia at reporting date.

17. FINANCIAL INSTRUMENTS (CONTD.)

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

Reconciliation of fair value measurements of Level 3 financial instruments

The Fund carries unlisted options as financial assets at FVTPL classified as Level 3 within the fair value hierarchy.

The following table shows a reconciliation of all movements in the fair value of the unlisted options categorised within Level 3 between the beginning and the end of the financial year.

	2025 RM	2024 RM
At the beginning of the financial year	595,130	630,412
Purchase cost	593,216	1,186,432
Proceeds from maturity	(640,673)	(1,293,641)
Realised gain	47,457	107,209
Unrealised changes in fair values	15,708	(35,282)
At the end of the financial year	610,838	595,130

Reconciliation of fair value measurements of Level 3 financial instruments

The following table presents additional information about the valuation methodology and input used for the investments that are measured at fair value and categorised within Level 3:

	Fair value	Valuation methodology	Unobservable input
2025			
Call/Put – Seni Jaya Corporation Berhad maturing on 18/8/2025	610,838	Discounted cash flow	Discount rate and Option price
2024			
Call/Put – Seni Jaya Corporation Berhad maturing on 19/11/2024	595,130	Discounted cash flow	Discount rate and Option price

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

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

18. CAPITAL MANAGEMENT

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

The Fund's objectives for managing capital are:

a. To invest in investments meeting the description, risk exposure and expected return indicated in its prospectus;

b. To maintain sufficient liquidity to meet the expenses of the Fund, and to meet cancellation requests as they arise; and

c. To maintain sufficient fund size to make the operations of the Fund cost-efficient.

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

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