

# KENANGA BOND FUND

## ANNUAL REPORT

For the Financial Year Ended 31 January 2025

# kenanga

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



# KENANGA BOND FUND

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## CORPORATE DIRECTORY

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

### Registered Office

Level 17, Kenanga Tower  
237, Jalan Tun Razak  
50400 Kuala Lumpur, Malaysia.  
Tel: 03-2172 2888  
Fax: 03-2172 2999

### Business Office

Level 14, Kenanga Tower  
237, Jalan Tun Razak  
50400 Kuala Lumpur, Malaysia.  
Tel: 03-2172 3000  
Fax: 03-2172 3080  
E-mail: investorservices@kenanga.com.my  
Website: www.kenangainvestors.com.my

### Board of Directors

Choy Khai Choon, Steven (**Chairman, Non-Independent Non-Executive Director**)

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**)

**Company Secretary:** Norliza Abd Samad (MAICSA 7011089)

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

**Trustee:** Universal Trustee (Malaysia) Berhad (Company No. 17540-D)

3rd Floor, No. 1, Jalan Ampang, 50450 Kuala Lumpur, Malaysia.  
Tel: 03-2070 8050 Fax: 03-2031 8715

**Auditor:** Ernst & Young PLT Company No. 202006000003 (LLP0022760-LCA) & AF 0039

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

**Tax Adviser:** Ernst & Young Tax Consultants Sdn Bhd

Company No. 198901002487 (179793-K)

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

**Membership:** Federation of Investment Managers Malaysia (FIMM)

19-06-1, 6th Floor, Wisma Capital A, 19 Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur.  
Tel: 03-7890 4242 Website: www.fimm.com.my

## DIRECTORY OF MANAGER'S OFFICES

### Regional Branch Offices:

#### **Kuala Lumpur**

Ground Floor, Kenanga Tower  
237, Jalan Tun Razak  
50400 Kuala Lumpur  
Tel: 03-2172 3123  
Fax: 03-2172 3133

#### **Melaka**

No. 43, Jalan KSB 11  
Taman Kota Syahbandar  
75200 Melaka  
Tel: 06-240 2310  
Fax: 06-240 2287

#### **Klang**

No. 12, Jalan Batai Laut 3  
Taman Intan  
41300 Klang, Selangor  
Tel: 03-3341 8818 / 03-3348 7889  
Fax: 03-3341 8816

#### **Penang**

5.04, 5th Floor  
Menara Boustead Penang  
No. 39, Jalan Sultan Ahmad Shah  
10050 Penang  
Tel: 04-210 6628  
Fax: 04-210 6644

#### **Miri**

Lot 507 & Lot 508, Ground Floor  
Jalan Permaisuri  
98000 Miri, Sarawak  
Tel: 085-416 866  
Fax: 085-322 340

#### **Seremban**

2nd Floor, No. 1D-2  
Jalan Tuanku Munawir  
70000 Seremban  
Negeri Sembilan  
Tel: 06-761 5678  
Fax: 06-761 2242

#### **Johor Bahru**

No. 63  
Jalan Molek 3/1, Taman Molek  
81100 Johor Bahru, Johor  
Tel: 07-288 1683  
Fax: 07-288 1693

#### **Kuching**

Suite 9 & 10, 3rd Floor, Yung Kong Abell  
Lot 365 Abell Road  
93100 Kuching, Sarawak  
Tel: 082-572 228  
Fax: 082-572 229

#### **Kuantan**

Ground Floor Shop  
No. B8, Jalan Tun Ismail 1  
25000 Kuantan, Pahang  
Tel: 09-514 3688  
Fax: 09-514 3838

#### **Ipoh**

No. 1, Jalan Leong Sin Nam  
30300 Ipoh, Perak  
Tel: 05-254 7573 / 05-254 7570  
Fax: 05-254 7606

#### **Kota Kinabalu**

Level 8, Wisma Great Eastern  
No. 68, Jalan Gaya  
88000 Kota Kinabalu, Sabah  
Tel: 088-203 063  
Fax: 088-203 062

#### **Damansara Uptown**

44B, Jalan SS21/35  
Damansara Utama  
47400 Petaling Jaya, Selangor  
Tel: 03-7710 8828  
Fax: 03-7710 8830

#### **Kota Damansara**

C26-1, Dataran Sunway  
Jalan PJU 5/17  
Kota Damansara  
47810 Petaling Jaya, Selangor  
Tel: 03-6150 3612  
Fax: 03-6150 3906

#### **Kluang**

No. 1, Aras 1, Jalan Haji Manan  
Pusat Perniagaan Komersial Haji Manan  
86000 Kluang, Johor  
Tel: 07-710 2700  
Fax: 07-710 2150

# **1. FUND INFORMATION**

## **1.1 Fund Name**

Kenanga Bond Fund (**KBNF** or **the Fund**)

## **1.2 Fund Category / Type**

Fixed Income / Income

## **1.3 Investment Objective**

The Fund aims to provide investors with a steady income stream over the medium to long-term period through investments primarily in fixed income instruments.

## **1.4 Investment Strategy**

The Fund will invest in a diversified portfolio consisting principally of fixed income securities and other permissible investments.

## **1.5 Duration**

The Fund was launched on 15 August 2002 and it shall exist as long as it appears to the Manager and the Trustee that it is in the interests of the unit holders for it to continue.

## **1.6 Performance Benchmark**

Maybank 12-month Fixed Deposit Rate.

## **1.7 Distribution Policy**

Subject to availability of income, the Fund will distribute income annually.

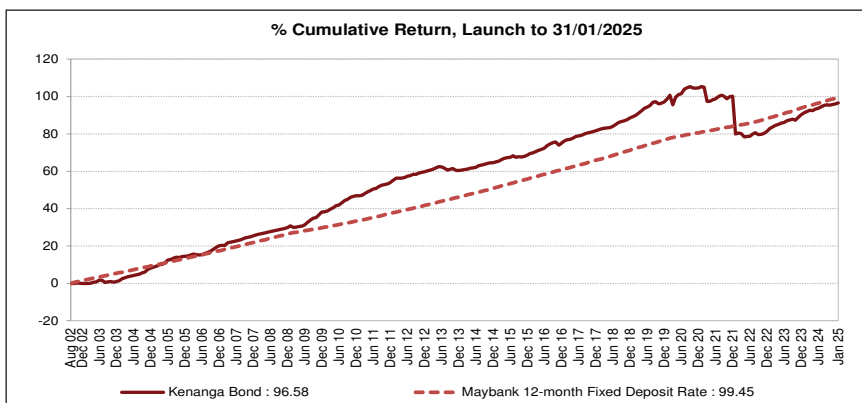
## 2. MANAGER'S REPORT

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

For the financial year under review, the Fund has achieved its objective of providing investors with a steady income stream over the medium to long-term period through investments primarily in fixed income instruments.

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

**Performance Chart Since Launch (15/08/2002 - 31/01/2025)  
Kenanga Bond Fund vs Maybank 12-month Fixed Deposit Rate**



Source: Novagni Analytics and Advisory

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

During the financial year under review, the Fund invested in a diversified portfolio consisting principally of fixed income securities and short-term deposits.

### 2.4 The Fund's asset allocation as at 31 January 2025 and comparison with the previous financial year

Asset	31 Jan 2025	31 Jan 2024
Unlisted corporate bonds	84.8%	85.6%
Unlisted government bond	6.1%	2.6%
Short term deposits and cash equivalents	9.1%	11.8%

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

#### Reason for the differences in asset allocation

As at 31 January 2025, the Fund maintained its overweight exposure in corporate bonds, while increasing its allocation in government bonds to 6.1% to capitalize on the sustained market demand for government bonds. Concurrently, the Fund's short term deposits and cash declined to 9.1%.

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

	Year under review
KBNF	2.80%
Maybank 12-month Fixed Deposit Rate	2.63%

Source: Lipper

The Fund outperformed its benchmark during the financial year under review, mainly attributable to stable coupon income and mild price gains on its bond holdings.

## 2.6 Review of the market

### Market review

US Treasuries (UST) closed weaker in February 2024 as yields surged 34-41 basis points (bps) following strong economic data releases, coupled with further pushback on the timing of interest rate cuts by US Federal Reserve (Fed) speakers. Meanwhile in March, the 2Y UST yield remained steady at 4.62% as mixed economic data and elevated inflation clouded the outlook for near-term interest rate cuts. On the monetary policy front, the Fed kept interest rates unchanged at 5.25% to 5.50% on 20 March, as widely expected. The committee reaffirmed its projections for 75bps of rate cuts in 2024, but reiterated its patient approach to lowering interest rates.

In February, Malaysian Government Securities (MGS) yields similarly trended higher following the bearish sentiment in UST, albeit at a smaller quantum. Sentiment was also dampened by the slower 4Q2023 Malaysian Gross Domestic Product (GDP) growth of 3.0% year-on-year (YoY) and weakening ringgit. The MGS yield curve flattened slightly with the 3Y yield climbing 11bps to 3.50% while the 10Y edged 7bps higher to 3.86% at end-February. Despite the slightly higher domestic inflation, the MGS market remained stable in March with 3Y 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.)

### 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 softer labour market data reignited recession concerns for the US economy while US inflation posted its first decline since the pandemic in June, fanning expectations for imminent rate cuts. Although the Fed kept interest rates unchanged on 31 July, Fed Chair Jerome Powell hinted that the committee is moving closer to cutting interest rates as inflation continues to ease towards the Fed's 2.0% target. In August, UST extended its strong rally following the release of soft labour data and dovish July Federal Open Market Committee (FOMC) meeting minutes, as comments from the Fed Chair, who further endorsed an imminent start to interest rate cuts. The strong rally in UST continued in September amid the Fed's move to kick-start 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 FOMC meeting on 17-18 September. Fed Chair Jerome Powell signalled that it is now appropriate for the Fed to recalibrate its policy stance, underlining the committee's concerns over a softer labour market. The UST yield curve bull steepened in 3Q2024, with the 2Y yield tumbling by 111bps quarter-on-quarter (QoQ) to 3.64% while the 10Y yield plunged by 62bps QoQ to 3.78%.

Similarly, MGS yields tumbled 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 to Malaysian government bonds to a record high in July. On monetary policy, Bank Negara Malaysia (BNM) kept the Overnight Policy Rate (OPR) unchanged at 3.00% on 11 July given the upbeat outlook for domestic growth. MGS ended mixed in August, with shorter tenures registering some gains while the longer ends were softer amidst the stronger-than-expected GDP growth of 5.9% YoY in 2Q2024 (1Q2024: 4.2% YoY). In September, the MGS market was largely rangebound as investors await the Budget 2025 announcement in mid-October. BNM kept the OPR unchanged at 3.00% for the eighth consecutive meeting on 5 September, amid 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%.

## 2.6 Review of the market (contd.)

### Market review (contd.)

UST reversed gains in October with both 2Y and 10Y UST yields surging above 4.0% 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%.

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 the new year 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 2025. 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. Consequently, the 2Y and 10Y UST yields fell by 4bps and 3bps to 4.20% and 4.54% respectively in January 2025. On the local front, the MGS traded in a tight range during the month. 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. Overall, the 3Y and 10Y MGS yields ended the month 2bps lower at 3.46% and 3.80% respectively.

### Market outlook

On 17 January 2025, the International Monetary Fund (IMF) upgraded its global economic growth forecast for 2025 from 3.2% (projected in October 2024) to 3.3%, supported by robust US demand and slowing inflation worldwide but cautious on uncertainties stemming from geopolitical conflicts and trade tensions. In the US, the Fed now projects just 50bps of reductions by end of 2025, down from their September estimate of 100bps of rate cuts. Fed Chair Jerome Powell indicated that there is no urgency for the Fed to further cut interest rates given the solid US labour condition and still somewhat elevated inflation. The central bank is also taking a wait-and-see approach on the potential impact on the overall US economy arising from the new economic policies that will be rolled out by the new US government. Over the near term, UST yield movements could remain volatile pending further clarity on the US growth and inflation trajectory.

## **2.6 Review of the market (contd.)**

### **Market outlook (contd.)**

Locally, the Malaysian economy is projected to expand by 4.5% to 5.5% in 2025, anchored by resilient domestic spending and robust expansion in investment activities. Inflation is expected to tick higher in 2025 but remain manageable between 2.0% to 3.5%, subject to spillover effects of domestic policy measures as well as global commodity prices and financial market developments. BNM is expected to keep the OPR unchanged at 3.00% in the near term 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 sustained demand from long-term fixed income investors.

## **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 affair of the Fund during the financial year**

There were no significant changes in the state of affair of the Fund during the financial year 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**

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

## **2.11 Rebates and soft commissions**

It is the policy of the Manager to credit any rebates received into the account of the Fund. Any soft commissions received by investment manager on behalf of the Fund are in the form of research and advisory services that assist in the decision making process relating to the investment of the Fund which are of demonstrable benefit to unit holders of the Fund. Any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund. As the Fund is solely invested in fixed income securities and money market instruments, the Manager did not receive any rebates or soft commissions from its stockbrokers during the financial year under review.

## **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/period as at 31 January/31 December are as follows:

a. Distribution among industry sectors and category of investments:

	FY 2025 %	FP 31.1.2024 %	FY 2022 %
Unlisted corporate bonds	84.8	85.6	90.7
Unlisted government bond	6.1	2.6	-
Short term deposits and cash equivalents	9.1	11.8	9.3
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

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

b. Distribution among markets

The Fund invests in local unlisted fixed income securities and short term deposits and cash equivalents only.

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

	<b>FY 2025</b>	<b>Period from 1.1.2023 to 31.1.2024</b>	<b>FY 2022</b>
Net asset value ("NAV") (RM Million)	5.64	5.61	6.46
Units in circulation (Million)	8.23	8.41	10.20
NAV per unit (RM)	0.6860	0.6673	0.6328
Highest NAV per unit (RM)	0.6860	0.6635	0.7471
Lowest NAV per unit (RM)	0.6673	0.6328	0.6197
Total return (%)	2.80	5.45	-9.44
- Capital growth (%)	2.80	5.45	-15.19
- Income growth (%)	-	-	5.75
Gross distribution per unit (sen)	-	-	4.25
Net distribution per unit (sen)	-	-	4.25
Total expense ratio ("TER") (%) <sup>1</sup>	1.55	1.52	1.40
Portfolio turnover ratio ("PTR") (times) <sup>2</sup>	0.07	0.19	0.21

*Note: Total return is the actual return of the Fund for the respective financial years/period, 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.*

- <sup>1</sup>. *TER is higher against the previous financial period mainly due to decrease in average fund size during the financial year under review.*
- <sup>2</sup>. *PTR is lower against the previous financial year due to decreased trading activities during the financial year under review.*

### 3.3 Average total return of the Fund

	1 Year 31 Jan 24 - 31 Jan 25	3 Years 31 Jan 22 - 31 Jan 25	5 Years 31 Jan 20 - 31 Jan 25
KBNF	2.80%	2.93%	-0.07%
Maybank 12-month Fixed Deposit Rate	2.63%	2.63%	2.36%

Source: Lipper

### 3.4 Annual total return of the Fund

	Year under review 31 Jan 24 - 31 Jan 25	Financial Period/Years			
		31 Dec 22 - 31 Jan 24	31 Dec 21 - 31 Dec 22	31 Dec 20 - 31 Dec 21	31 Dec 19 - 31 Dec 20
KBNF	2.80%	5.45%	-9.44%	-2.15%	3.81%
Maybank 12-month Fixed Deposit Rate	2.63%	3.28%	2.24%	1.85%	2.21%

Source: Lipper

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

**KENANGA BOND FUND**

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

**31 January 2025**

## **KENANGA BOND FUND**

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**TRUSTEE'S REPORT  
TO THE UNIT HOLDERS OF KENANGA BOND FUND**

We have acted as Trustee of the Fund for the financial year ended 31 January 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 period 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  
UNIVERSAL TRUSTEE (MALAYSIA) BERHAD

BERNICE K M LAU  
Acting Chief Executive Officer

Kuala Lumpur, Malaysia

26 March 2025

## **Independent auditors' report to the unit holders of Kenanga Bond Fund**

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the financial statements of Kenanga Bond Fund (the "Fund"), which comprise the statement of financial position as at 31 January 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 36.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 January 2025, and of its financial performance and cash flows for the financial year 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 Bond 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 Bond 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 Bond 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  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Ahmad Siddiq Bin Ahmad Hasbullah  
No. 03675/07/2026 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
26 March 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 31 January 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 31 January 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 Bond Fund** as at 31 January 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

26 March 2025

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2025**

	Note	1.2.2024 to 31.1.2025 RM	1.1.2023 to 31.1.2024 RM
<b>INVESTMENT INCOME</b>			
Interest income		247,643	277,891
Net (loss)/gain from investments:			
- Financial assets at fair value through profit or loss ("FVTPL")	4	(12,751)	108,984
		<u>234,892</u>	<u>386,875</u>
<b>EXPENSES</b>			
Manager's fee	5	54,529	60,440
Trustee's fee	6	18,000	19,576
Auditors' remuneration		7,500	7,500
Tax agent's fee		3,500	-
Administration expenses		802	3,654
		<u>84,331</u>	<u>91,170</u>
<b>NET INCOME BEFORE TAX</b>		150,561	295,705
Income tax	7	-	-
<b>NET INCOME AFTER TAX, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD</b>		<u>150,561</u>	<u>295,705</u>
Net gain after tax is made up as follows:			
Realised gain		142,229	137,507
Unrealised gain	4	8,332	158,198
		<u>150,561</u>	<u>295,705</u>

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 JANUARY 2025**

	Note	31.1.2025 RM	31.1.2024 RM
<b>ASSETS</b>			
<b>INVESTMENTS</b>			
Financial assets at FVTPL	4	5,127,039	4,950,106
Short term deposit	8	544,000	669,000
		<u>5,671,039</u>	<u>5,619,106</u>
<b>OTHER ASSETS</b>			
Other receivables	9	6,041	55
Cash at bank		16,392	21,196
		<u>22,433</u>	<u>21,251</u>
<b>TOTAL ASSETS</b>		<u>5,693,472</u>	<u>5,640,357</u>
<b>LIABILITIES</b>			
Amount due to Manager		32,966	10,341
Amount due to Trustee		1,495	1,525
Other payables	10	15,428	16,089
<b>TOTAL LIABILITIES</b>		<u>49,889</u>	<u>27,955</u>
<b>EQUITY</b>			
Unit holders' contribution		1,570,256	1,689,636
Retained earnings		4,073,327	3,922,766
<b>NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS</b>	11	<u>5,643,583</u>	<u>5,612,402</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>5,693,472</u>	<u>5,640,357</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	11(a)	<u>8,226,970</u>	<u>8,409,990</u>
<b>NAV PER UNIT (RM)</b>		<u>0.6860</u>	<u>0.6673</u>

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



**STATEMENT OF CHANGES IN NET ASSET VALUE  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2025**

	Unit holders' contribution RM	Retained earnings RM	Total NAV RM
<b>1.2.2024 to 31.1.2025</b>			
At beginning of the financial year	1,689,636	3,922,766	5,612,402
Total comprehensive income	-	150,561	150,561
Creation of units	11(a) 2,402,593	-	2,402,593
Cancellation of units	11(a) (2,521,973)	-	(2,521,973)
At end of the financial year	<u>1,570,256</u>	<u>4,073,327</u>	<u>5,643,583</u>
<b>1.1.2023 to 31.1.2024</b>			
At beginning of the financial period	2,829,815	3,627,061	6,456,876
Total comprehensive income	-	295,705	295,705
Creation of units	11(a) 1,286,336	-	1,286,336
Cancellation of units	11(a) (2,426,515)	-	(2,426,515)
At end of the financial period	<u>1,689,636</u>	<u>3,922,766</u>	<u>5,612,402</u>

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

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2025**

	<b>1.2.2024 to 31.1.2025 RM</b>	<b>1.1.2023 to 31.1.2024 RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at FVTPL	307,950	1,543,470
Interest received	242,060	293,167
Tax agent's fee paid	-	(7,000)
Payment for other fees and expenses	(4,963)	(5,880)
Auditors' remuneration paid	(7,500)	(7,500)
Trustee's fee paid	(18,030)	(19,578)
Manager's fee paid	(54,529)	(60,967)
Purchase of financial assets at FVTPL	(498,036)	(543,340)
Net cash (used in)/generated from operating and investing activities	<u>(33,048)</u>	<u>1,192,372</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from units created	2,406,496	1,286,385
Cash paid on units cancelled	(2,503,252)	(2,438,822)
Net cash used in financing activities	<u>(96,756)</u>	<u>(1,152,437)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(129,804)	39,935
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/ PERIOD</b>	<u>690,196</u>	<u>650,261</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/ PERIOD</b>	<u>560,392</u>	<u>690,196</u>
Cash and cash equivalents comprise:		
Cash at bank	16,392	21,196
Short term deposit	544,000	669,000
	<u>560,392</u>	<u>690,196</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2025**

### **1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES**

Kenanga Bond Fund (the “Fund”) was constituted pursuant to the executed Deed dated 29 July 2002 (collectively, together with deeds supplemental thereto, referred to as the “Deed”) between the Manager, Kenanga Investors Berhad, and Universal Trustee (Malaysia) Berhad (the “Trustee”). The Fund commenced operations on 15 August 2002 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 seeks to provide investors with a steady income stream over the medium to long term period through investments primarily in fixed income instruments. The principal activity of the Fund is to invest in “Authorised Investments” as defined under Part 7 of the Deed, which include primary fixed income securities and short term investments .

The financial statements were authorised for issue by the Chief Executive Officer of the Manager on 26 March 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), 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 holder, consistent with the long term objectives of the Fund.

#### **a. Market risk**

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

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

### a. Market risk (contd.)

Market risk arises when the value of the 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/period 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/period (Loss)/Gain RM
<b>31.1.2025</b>		
Financial assets at FVTPL	5/(5)	(10,417)/7,428
<b>31.1.2024</b>		
Financial assets at FVTPL	5/(5)	(9,347)/9,356

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

### a. Market risk (contd.)

#### i. Interest rate risk (contd.)

##### Interest rate risk exposure

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

	Up to 1 year RM	Above 1 year - 5 years RM	Above 5 years - 15 years RM	Non- exposure to interest rate movement RM	Total RM	Weighted average effective interest rate* %
<b>31.1.2025</b>						
<b>Assets</b>						
Financial assets at FVTPL	800,000	3,196,627	1,070,310	60,102	5,127,039	3.8
Short term deposit	544,000	-	-	-	544,000	3.1
Other financial assets	-	-	-	22,433	22,433	
	1,344,000	3,196,627	1,070,310	82,535	5,693,472	
<b>Liabilities</b>						
Other financial liabilities	-	-	-	34,461	34,461	
<b>Total interest rate sensitivity gap</b>	1,344,000	3,196,627	1,070,310	48,074	5,659,011	

\* 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* %
<b>31.1.2024</b>						
<b>Assets</b>						
Financial assets at FVTPL	-	3,802,337	1,087,264	60,505	4,950,106	4.1
Short term deposit	669,000	-	-	-	669,000	3.0
Other financial assets	-	-	-	21,251	21,251	
	<u>669,000</u>	<u>3,802,337</u>	<u>1,087,264</u>	<u>81,756</u>	<u>5,640,357</u>	
<b>Liabilities</b>						
Other financial liabilities	-	-	-	11,866	11,866	
	<u>669,000</u>	<u>3,802,337</u>	<u>1,087,264</u>	<u>69,890</u>	<u>5,628,491</u>	
<b>Total interest rate sensitivity gap</b>						

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

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

### b. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

#### i. Credit risk exposure

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

#### ii. Financial assets that are either past due or impaired

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

#### iii. Credit quality of financial assets

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

Rating	Percentage of total unlisted bonds		Percentage of NAV	
	31.1.2025	31.1.2024	31.1.2025	31.1.2024
	%	%	%	%
AA3/AA-	43.3	61.5	39.3	54.3
AA2/AA	24.0	27.1	21.8	23.8
AA1/AA+	15.9	-	14.4	-
AAA	10.2	8.5	9.3	7.5
Not Rated	6.6	2.9	6.0	2.6
	<u>100.0</u>	<u>100.0</u>	<u>90.8</u>	<u>88.2</u>

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

#### Short term deposit

Rating	Percentage of total short term deposit		Percentage of NAV	
	31.1.2025	31.1.2024	31.1.2025	31.1.2024
	%	%	%	%
P1/MARC-1	<u>100.0</u>	<u>100.0</u>	<u>9.6</u>	<u>11.9</u>

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

### b. Credit risk (contd.)

#### 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 and unlisted government bonds by sectoral distribution:

	Percentage of total unlisted bonds		Percentage of NAV	
	31.1.2025 %	31.1.2024 %	31.1.2025 %	31.1.2024 %
Energy and Utilities	34.8	40.4	31.7	35.6
Transportation and Storage	20.7	17.4	18.7	15.4
Real Estate	20.0	20.8	18.2	18.3
Financial	15.9	16.4	14.4	14.5
Communications Services	2.0	2.1	1.8	1.8
Government	6.6	2.9	6.0	2.6
	<u>100.0</u>	<u>100.0</u>	<u>90.8</u>	<u>88.2</u>

### c. Liquidity risk

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

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

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



## 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
<b>31.1.2025</b>						
<b>Assets</b>						
Financial assets at FVTPL		-	860,102	3,196,627	1,070,310	5,127,039
Short term deposit		-	544,000	-	-	544,000
Cash at bank		16,392	-	-	-	16,392
Other financial assets		-	6,041	-	-	6,041
	i.	16,392	1,410,143	3,196,627	1,070,310	5,693,472
<b>Liabilities</b>						
Other financial liabilities	ii.	-	34,461	-	-	34,461
Equity	iii.	-	5,643,583	-	-	5,643,583
Liquidity gap		16,392	(4,267,901)	3,196,627	1,070,310	15,428

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

#### d. 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
<b>31.1.2024</b>						
<b>Assets</b>						
Financial assets at FVTPL		-	60,505	3,802,337	1,087,264	4,950,106
Short term deposit		-	669,000	-	-	669,000
Cash at bank		21,196	-	-	-	21,196
Other financial assets		-	55	-	-	55
	i.	21,196	729,560	3,802,337	1,087,264	5,640,357
<b>Liabilities</b>						
Other financial liabilities	ii.	-	11,866	-	-	11,866
Equity	iii.	-	5,612,402	-	-	5,612,402
Liquidity gap		21,196	(4,894,708)	3,802,337	1,087,264	16,089

## **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. 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.

#### **ii. Equity**

As the unit holders can request for redemption of their units, they have been categorised as having a maturity of “up to 1 year”. As a result, it appears that the Fund has a liquidity gap within “up to 1 year”. However, the Fund believes that it would be able to liquidate its 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 February 2024.

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

<b>Description</b>	<b>Effective for financial periods beginning on or after</b>
Amendments to MFRS 121: <i>Lack of Exchangeability</i>	1 January 2025
Amendments that are part of Annual Improvements—Volume 11: <i>Amendments to MFRS 1, 7, 9, 10 and 107</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
MFRS 18: <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Withdrawal of MFRS 101: <i>Presentation of Financial Statements</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be announced by MASB

### **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 fair value through profit or loss ("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.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

#### d. Derecognition of financial assets

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

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

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

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

- The Fund has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates;
- The Fund cannot sell or pledge the original asset other than as security to the eventual recipients; and
- The Fund has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Fund is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Fund has transferred substantially all the risks and rewards of the asset; or
- The Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Fund considers control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.



### **3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)**

#### **d. Derecognition of financial assets (contd.)**

When the Fund has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Fund's continuing involvement, in which case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

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

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

#### **e. 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.

### **3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)**

#### **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.

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/period comprises current tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year/period.

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

#### **j. Unrealised reserves**

Unrealised reserves represent the net gain or loss arising from carrying investments at their fair values at reporting date. This reserve is not distributable.

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

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

#### **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.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

#### m. Distributions

Distributions are at the discretion of the Manager. A distribution to the Fund's unit holders is accounted for as a deduction from retained earnings.

#### n. Significant accounting judgement and estimates

The preparation of financial statements requires the use of certain accounting estimates and exercise of judgement. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

##### i. Critical judgements made in applying accounting policies

There are no major judgements made by the Manager in applying the Fund's accounting policies.

##### ii. Key sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 4. FINANCIAL ASSETS AT FVTPL

	<b>31.1.2025</b>	<b>31.1.2024</b>
	<b>RM</b>	<b>RM</b>
Financial assets held for trading, at FVTPL:		
Unlisted corporate bonds	4,785,315	4,806,840
Unlisted government bonds	341,724	143,266
	<u>5,127,039</u>	<u>4,950,106</u>
	<b>1.2.2024 to</b>	<b>1.1.2023 to</b>
	<b>31.1.2025</b>	<b>31.1.2024</b>
	<b>RM</b>	<b>RM</b>
Net (loss)/gain on financial assets at FVTPL comprised:		
Realised loss on disposals	(21,083)	(49,214)
Unrealised changes in fair values	8,332	158,198
	<u>(12,751)</u>	<u>108,984</u>

#### 4. FINANCIAL ASSETS AT FVTPL (CONTD.)

Details of financial assets at FVTPL as at 31 January 2025:

	Quantity	Amortised cost RM	Fair value RM	Percentage of NAV %
<b>Unlisted corporate bonds</b>				
Berapit Mobility Sdn Bhd maturing on 12/11/2036	100,000	101,513	101,855	1.8
Berapit Mobility Sdn Bhd maturing on 12/11/2041	100,000	101,524	102,010	1.8
Hong Leong Assurance Berhad maturing on 03/02/2025	800,000	815,189	815,189	14.4
Jimah East Power Sdn Bhd maturing on 04/06/2027	800,000	841,718	834,509	14.8
MMC Corporation Berhad maturing on 24/03/2028	800,000	858,938	855,351	15.1
OCK Group Berhad maturing on 24/11/2028	100,000	101,305	102,652	1.8
OSK Rated Bond Sdn Bhd maturing on 28/04/2028	1,000,000	1,012,246	1,024,876	18.2
Pengurusan Air Selangor Sdn Bhd maturing on 19/08/2039	100,000	101,828	101,087	1.8
Quantum Solar Park (Semenanjung) Sdn Bhd maturing on 04/04/2031	200,000	218,833	220,178	3.9
Sarawak Petchem Sdn Bhd maturing on 27/07/2028	200,000	202,700	207,607	3.7
Sinar Kamiri Sdn Bhd maturing on 30/01/2030	200,000	197,572	207,298	3.7
Tenaga Nasional Berhad maturing on 30/06/2032	200,000	203,102	212,703	3.8
<b>Total unlisted corporate bonds</b>		<u>4,756,468</u>	<u>4,785,315</u>	<u>84.8</u>

#### 4. FINANCIAL ASSETS AT FVTPL (CONTD.)

	Quantity	Amortised cost RM	Fair value RM	Percentage of NAV %
<b>Unlisted government bonds</b>				
Government of Malaysia maturing on 15/07/2032	200,000	197,551	197,837	3.5
Government of Malaysia maturing on 15/07/2036	150,000	<u>143,457</u>	<u>143,887</u>	<u>2.5</u>
<b>Total unlisted government bonds</b>		<u>341,008</u>	<u>341,724</u>	<u>6.0</u>
<b>Total financial assets at FVTPL</b>		<u>5,097,476</u>	<u>5,127,039</u>	<u>90.8</u>
<b>Unrealised gain on financial assets at FVTPL</b>			<u>29,563</u>	

#### 5. MANAGER'S FEE

The Manager's fee is calculated on a daily basis at a rate not exceeding 2.5% per annum of the NAV of the Fund as provided under Division 13.1 of the Deed.

The Manager is currently charging Manager's fee of 1.00% per annum of the NAV of the Fund (financial period from 1 January 2023 to 31 January 2024: 1.00% per annum).

#### 6. TRUSTEE'S FEE

The Trustee's fee is calculated on a daily basis at a rate not exceeding 0.10% per annum of the NAV of the Fund and subject to a minimum fee of RM18,000 per annum as provided under Division 13.2 of the Deed.

The Trustee's fee is calculated based on the minimum fee of RM18,000 per annum of the NAV of the Fund (financial period from 1 January 2023 to 31 January 2024: RM18,000 per annum).

#### 7. INCOME TAX

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

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

## 7. INCOME TAX (CONTD.)

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:

	<b>1.2.2024 to 31.1.2025 RM</b>	<b>1.1.2023 to 31.1.2024 RM</b>
Net income before tax	<u>150,561</u>	<u>295,705</u>
Tax at Malaysian statutory tax rate of 24% (financial period from 1 January 2023 to 31 January 2024: 24%)	36,135	70,969
Tax effect of:		
Income not subject to tax	(61,434)	(104,661)
Loss not deductible for tax purposes	5,060	11,811
Expenses not deductible for tax purposes	5,352	4,899
Restriction on tax deductible expenses for unit trust fund	<u>14,887</u>	<u>16,982</u>
Income tax for the financial year/period	<u>-</u>	<u>-</u>

## 8. SHORT TERM DEPOSIT

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

## 9. OTHER RECEIVABLES

	<b>31.1.2025 RM</b>	<b>31.1.2024 RM</b>
Interest receivable from short term deposit	182	55
Interest receivable from corporate bond	<u>5,859</u>	<u>-</u>
	<u>6,041</u>	<u>55</u>

## 10. OTHER PAYABLES

	<b>31.1.2025 RM</b>	<b>31.1.2024 RM</b>
Accrual for auditors' remuneration	7,500	7,500
Accrual for tax agent's fees	7,000	3,500
Provision for printing and other expenses	928	5,089
	<u>15,428</u>	<u>16,089</u>

## 11. NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS

NAV attributable to unit holders is represented by:

	Note	31.1.2025 RM	31.1.2024 RM
Unit holders' contribution	(a)	1,570,256	1,689,636
<b>Retained earnings:</b>			
Realised reserves		4,043,764	3,901,535
Unrealised reserves		29,563	21,231
		<u>4,073,327</u>	<u>3,922,766</u>
		<u>5,643,583</u>	<u>5,612,402</u>

### (a) Unit holders' contribution

	1.2.2024 to 31.1.2025		1.1.2023 to 31.1.2024	
	No. of units	RM	No. of units	RM
At beginning of the financial year/period	8,409,990	1,689,636	10,203,031	2,829,815
Add: Creation of units	3,541,552	2,402,593	1,973,488	1,286,336
Less: Cancellation of units	<u>(3,724,572)</u>	<u>(2,521,973)</u>	<u>(3,766,529)</u>	<u>(2,426,515)</u>
At end of the financial year/period	<u>8,226,970</u>	<u>1,570,256</u>	<u>8,409,990</u>	<u>1,689,636</u>

The Manager, Kenanga Investors Berhad, and other parties related to the Manager did not hold any units in the Fund, either legally or beneficially, as at 31 January 2025 (31 January 2024: nil).

## 12. PORTFOLIO TURNOVER RATIO ("PTR")

PTR for the financial year is 0.07 times (financial period from 1 January 2023 to 31 January 2024: 0.19 times).

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

### 13. TOTAL EXPENSE RATIO ("TER")

TER for the financial year is 1.55% per annum (financial period from 1 January 2023 to 31 January 2024 : 1.52% 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.

### 14. TRANSACTIONS WITH LICENSED FINANCIAL INSTITUTIONS

	Transaction value RM	Percentage of total %
Hong Leong Investment Bank Berhad	314,570	38.5
AmBank (M) Berhad	200,840	24.6
CIMB Bank Berhad	200,642	24.6
Bank Islam Malaysia Berhad	100,000	12.3
	<u>816,052</u>	<u>100.0</u>

The above transaction values were in respect of unlisted corporate bonds and unlisted government bonds and such transactions do not involve any commission or brokerage fees.

### 15. SEGMENTAL REPORTING

#### a. Business segments

In accordance with the objective of the Fund, the Fund can invest between 70% to 98% of its NAV in fixed income instruments and a minimum of 2% of its NAV in liquid assets. The following table provides an analysis of the Fund's revenue, results, assets and liabilities by business segments:

	Unlisted fixed income instruments RM	Other investments RM	Total RM
<b>31.1.2025</b>			
<b>Revenue</b>			
Segment income	<u>219,402</u>	<u>15,490</u>	234,892
Unallocated expenditure			(84,331)
Income before tax			<u>150,561</u>
Income tax			-
Net income after tax			<u>150,561</u>



## 15. SEGMENTAL REPORTING (CONTD.)

### a. Business segments (contd.)

	Unlisted fixed income instruments RM	Other investments RM	Total RM
<b>31.1.2025 (contd.)</b>			
<b>Assets</b>			
Financial assets at FVTPL	5,127,039	-	
Short term deposit	-	544,000	
Other segment assets	<u>5,859</u>	<u>182</u>	
Total segment assets	<u>5,132,898</u>	<u>544,182</u>	5,677,080
Unallocated assets			<u>16,392</u>
			<u>5,693,472</u>
<b>Liabilities</b>			
Unallocated liabilities			<u>49,889</u>
<b>31.1.2024</b>			
<b>Revenue</b>			
Segment income	<u>366,357</u>	<u>20,518</u>	386,875
Unallocated expenditure			<u>(91,170)</u>
Income before tax			295,705
Income tax			-
Net income after tax			<u>295,705</u>
<b>Assets</b>			
Financial assets at FVTPL	4,950,106	-	
Short term deposit	-	669,000	
Other segment assets	-	55	
Total segment assets	<u>4,950,106</u>	<u>669,055</u>	5,619,161
Unallocated assets			<u>21,196</u>
			<u>5,640,357</u>
<b>Liabilities</b>			
Unallocated liabilities			<u>27,955</u>

### b. Geographical segments

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

## 16. 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 material accounting policy information 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.

	<b>Financial assets at FVTPL RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Other financial liabilities RM</b>	<b>Total RM</b>
<b>31.1.2025</b>				
<b>Assets</b>				
Unlisted corporate bonds	4,785,315	-	-	4,785,315
Unlisted government bonds	341,724	-	-	341,724
Short term deposit	-	544,000	-	544,000
Other receivables	-	6,041	-	6,041
Cash at bank	-	16,392	-	16,392
	<u>5,127,039</u>	<u>566,433</u>	<u>-</u>	<u>5,693,472</u>
<b>Liabilities</b>				
Amount due to Manager	-	-	32,966	32,966
Amount due to Trustee	-	-	1,495	1,495
	<u>-</u>	<u>-</u>	<u>34,461</u>	<u>34,461</u>

## 16. 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
<b>31.1.2024</b>				
<b>Assets</b>				
Unlisted corporate bonds	4,806,840	-	-	4,806,840
Unlisted government bond	143,266	-	-	143,266
Short term deposit	-	669,000	-	669,000
Other receivable	-	55	-	55
Cash at bank	-	21,196	-	21,196
	<u>4,950,106</u>	<u>690,251</u>	<u>-</u>	<u>5,640,357</u>
<b>Liabilities</b>				
Amount due to Manager	-	-	10,341	10,341
Amount due to Trustee	-	-	1,525	1,525
	<u>-</u>	<u>-</u>	<u>11,866</u>	<u>11,866</u>

### b. Financial instruments that are carried at fair value

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

The following table shows the fair value measurements by level of the fair value measurement hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>Investments:</b>				
<b>31.1.2025</b>				
Unlisted corporate bonds	-	4,785,315	-	4,785,315
Unlisted government bonds	-	341,724	-	341,724
	<u>-</u>	<u>5,127,039</u>	<u>-</u>	<u>5,127,039</u>
<b>31.1.2024</b>				
Unlisted corporate bonds	-	4,806,840	-	4,806,840
Unlisted government bond	-	143,266	-	143,266
	<u>-</u>	<u>4,950,106</u>	<u>-</u>	<u>4,950,106</u>

## 16. FINANCIAL INSTRUMENTS (CONTD.)

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

Level 1: Listed prices in active market

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

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

The fair values of unlisted corporate bonds and unlisted government bonds are based on evaluated mid prices provided by bond pricing agency accredited by the Securities Commission of Malaysia at reporting date.

### 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.

## 17. 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 financial year and previous financial period from 1 January 2023 to 31 January 2024.

## 18. COMPARATIVES

Pursuant to the executed Fifth Supplemental Master Prospectus dated 2 October 2023, the Manager had changed the Fund's financial year end from 31 December to 31 January.

The comparative for the statement of comprehensive income, statement of changes in net asset value and statement of cash flows as well as the comparatives in notes to the financial statements are presented for the financial year ended 31 January 2025 and hence, are not comparative to that of the previous financial period from 1 January 2023 to 31 January 2024.

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