

INTERPAC TOP 30 EX 100 FUND

INTERIM REPORT

For the Financial Period from 22 August 2018
(Date of Inception) to 30 June 2019



Contents

As at 30 June 2019

	Pages
Message from the Manager	1
InterPac Top 30 Ex 100 Fund	
Fund Information	2
Fund Performance	3
Manager's Report	5
Malaysian Market Review	7
Market Outlook and Strategy	8
Policy on Soft Commission	8
Financial Statements	
InterPac Top 30 Ex 100 Fund	9
Corporate Directory	44
Directory Of Sales Offices	48

Message from the Manager

Ever since its establishment in 1990, Inter-Pacific Asset Management Sdn Bhd has strived to achieve the desired results for its investors. We are very proud to serve the interests of our investors who place their trust in the integrity and professional expertise of Inter-Pacific Asset Management Sdn Bhd. Our firm has been built on core values and a core purpose that have remained fixed while our business strategies and practices endlessly adapt to a changing world.

InterPac Top 30 Ex 100 Fund is a fund issued by Inter-Pacific Asset Management Sdn Bhd which seeks to provide investors with capital appreciation by investing in the top 30 largest market capitalisation companies (excluding the top 100 largest market capitalisation companies) listed on Bursa Malaysia.

We are pleased to present the InterPac Top 30 Ex 100 Fund Interim Report for the financial period from 22 August 2018 (date of inception) to 30 June 2019. We thank our investors for the support and trust and look forward to serve better.

Fund Information

Fund Name

InterPac Top 30 Ex 100 Fund

Fund Category (Lipper)

Equity Malaysia

Fund Type

Growth

Fund Objective

The Fund seeks to provide investors with capital appreciation by investing in the top 30 largest market capitalisation companies (excluding the top 100 largest market capitalisation companies) listed on Bursa Malaysia.

Benchmark

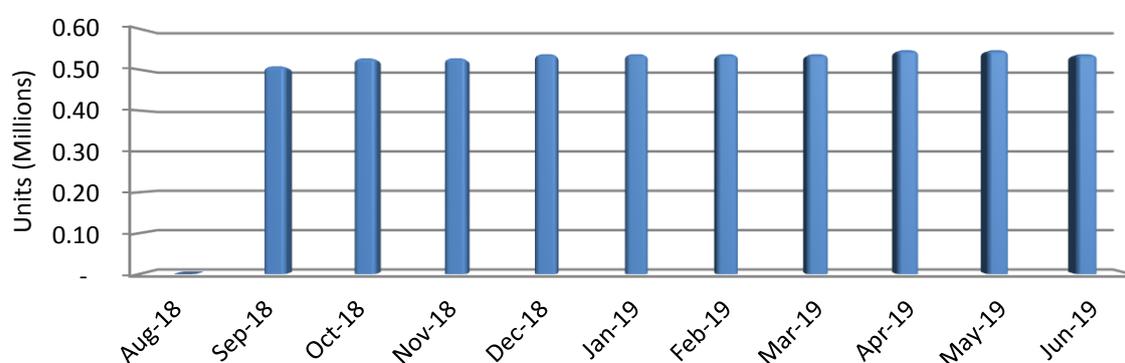
1-year average returns of the funds under "Equity Malaysia Small & Mid-Cap" Non-Islamic category from Lipper

Distribution Policy

Distribution, if any, may be declared at our discretion on an incidental basis. Distribution will be made from the realised gains or realised income of the Fund.

Breakdown of Unit Holding by Size

As at 30 June 2019, the InterPac Top 30 Ex 100 Fund units in holding stood at 0.54 million units.



Size of holdings	Number of Unitholders	(%)	Number of Units ('000)	(%)
5,000 & below	10	71.43	8.37	1.54
5,001 to 10,000	1	7.14	9.96	1.83
10,001 to 50,000	2	14.29	25.73	4.73
50,001 to 500,000	1	7.14	500.00	91.90
500,001 and above	-	-	-	-
TOTAL	14	100.00	544.06	100.00

Fund Performance

Information below is for the financial period from 22 August 2018 (date of inception) to 30 June 2019:

Category	30 June 2019 %
Quoted Equities listed on Bursa Malaysia	
Construction	6.27
Consumer Products & Services	8.56
Energy	7.90
Healthcare	3.18
Industrial Products & Services	16.97
Plantation	5.11
Property	17.10
Real Estate Investment Trusts	5.40
Technology	5.20
Transportation & Logistics	5.32
Utilities	2.73
	83.73
Cash & Liquid Assets	16.27
Total	100.00
Net Asset Value (RM'000)	485.25
Units in Circulation (Units '000)	544.06
Net Asset Value per Unit (RM)	0.8919
Manager's Highest NAV (RM)	1.0042
Manager's Lowest NAV (RM)	0.8321
Total Returns (%)	
- Capital Growth	-10.55
- Income Distributions	-
Gross Distribution per Unit (RM)	-
Net Distribution per Unit (RM)	-
Management Expense Ratio (%)	3.49
Portfolio Turnover Ratio (times)	1.93
Average Total Return	Since inception %
	-10.55
Annual Total Return	
Financial Period Ended	%
22/08/2018 to 30/06/2019	-10.55

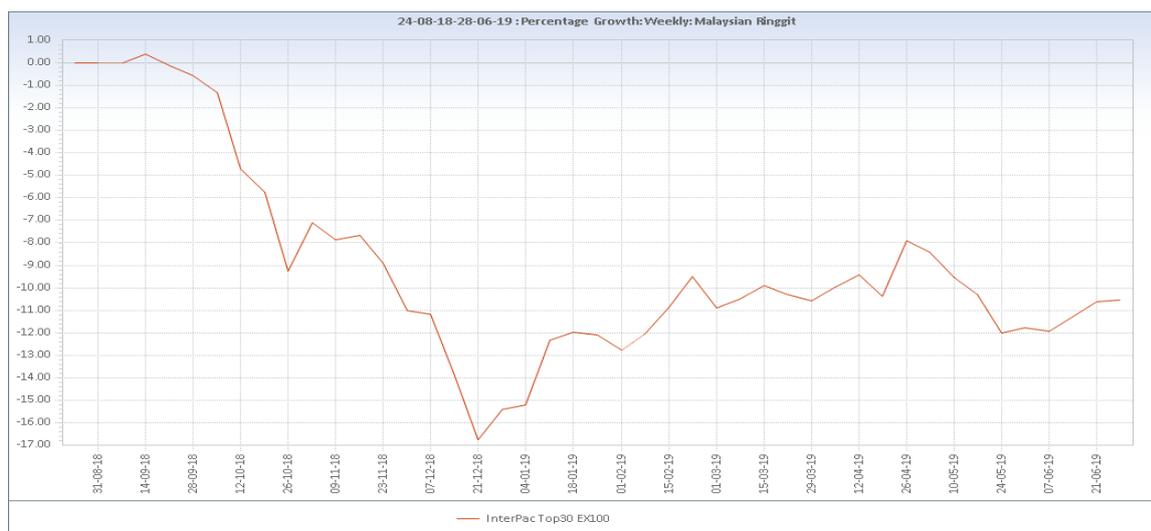
Source: Lipper for Investment Management as at 30 June 2019

The unit prices and investment returns may go down as well as up and the past performance shown is not indicative of the future performance of the Fund.

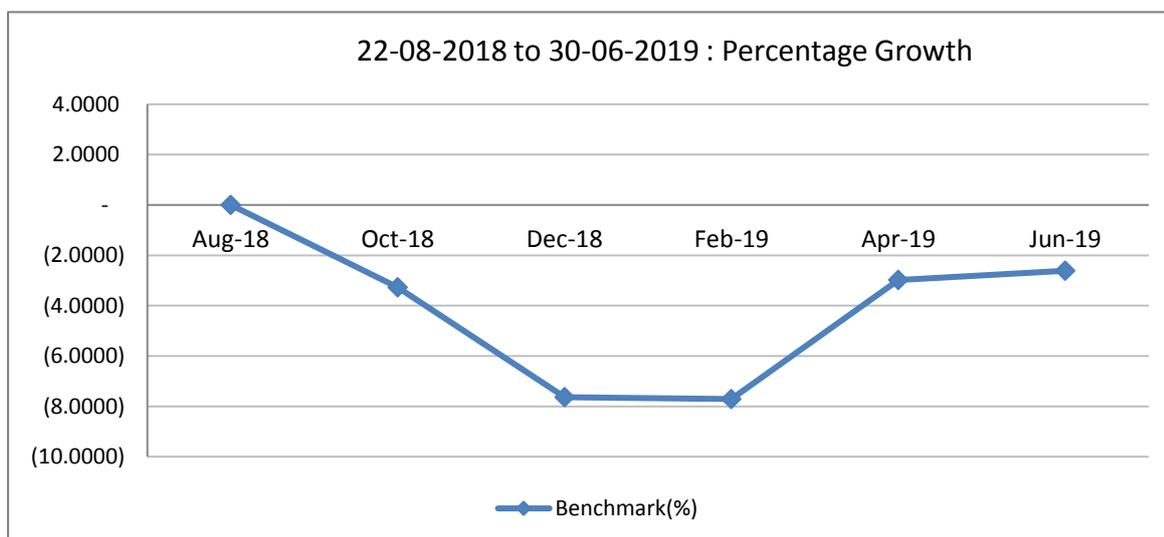
Manager's Report

Fund Performance

For the financial period under review, InterPac Top 30 Ex 100 Fund (IT30X) registered a total return of -10.55% against the benchmark of -2.61%. The fund underperformed its benchmark by 7.94% since inception on 22 August 2018. The fund was not able to meet its objectives of providing capital appreciation during the period as adverse market sentiment had negatively impacted on the fund's performance.



Source: Lipper for Investment Management as at 30 June 2019



Source: Lipper for Investment Management as at 30 June 2019

Past performance is no indication of the future performance of the fund.

Analysis of Fund Performance

For the financial period from 22 August 2018(date of inception) to 30 June 2019

Income Return (%)	Capital Return (%)	Total Return (%)	Benchmark Return (%)
-	-10.55	-10.55	-2.61

Distribution / Unit Splits

No distribution or unit splits were declared for the financial period from 22 August 2018(date of inception) to 30 June 2019.

Investment Strategy During Period Under Review

To invest in equities of the top 30 largest market capitalization companies (excluding the top 100 largest market capitalization companies) listed on Bursa Malaysia.

Asset Allocation

For the financial period from 22 August 2018(date of inception) to 30 June 2019

Asset Type	30 June 2019 % NAV
Equities	85.30
Cash & Other Assets	16.57

State of Affairs for the Fund

There was neither significant change to the state of affairs of the Fund nor any circumstances that could materially affect the interests of the unit holders during the period under review (22 August 2018(date of inception) to 30 June 2019).

Malaysian Market Review

The Malaysian economy expanded by 4.9% in 2Q 2019, compared with 4.5% year on year, due to agriculture and mining sectors rebounding to positive growth offset by a slowdown in manufacturing, construction and services sectors. Domestic demand however was weaker year on year due to lower public consumption and private investment.

The ringgit depreciated 0.86% over the period against the greenback, to RM4.1320 against the US dollar.

Meanwhile, crude oil prices weakened over the period, with prices for WTI crude and Brent crude declining 13.8% and 11.0% respectively.

Major headlines in 2019 were several mega infrastructure projects such as RM44 bln East Coast Rail Link and Bandar Malaysia were renewed after rationalisation. Foreign Direct Investment has helped to mitigate woes from US-China trade friction.

Bank Negara Malaysia lowered Overnight Policy Rate (OPR) to 3% from 3.25% in May. This was the first cut since July 2016. Bank Negara also announced several initiatives aimed at enhancing market efficiency, liquidity and accessibility in both the bond and forex markets including enhancing the repo facility to allow greater flexibility, which includes lengthening the repo tenure beyond a year.

Market Outlook and Strategy

Our take on 2019:

1. Concern of US-China trade war impact will prolong but unlikely lead to a global recession. Though the trade war will cause economic slowdown, we expect Asean to be a net beneficiary as Multinational Companies relocate their production facilities and looking alternative sourcing other than China. Malaysia stands out among Asean countries on the back of its stable politics, competitive production cost and availability of the skilled workers.
2. We anticipate private consumption to improve in the coming months following the refund of Good and Service Tax as well as income tax. The revival of infrastructure projects including East Coast Rail Link is expected to create job opportunities, hence lifts the economy.
3. We also foresee rising foreign interest in Malaysia market if Government Linked Companies (GLCs) do reduce their stakes in listed companies as planned. Relatively attractive valued Malaysia Ringgit is also a pulling factor.
4. Key risks factor for 2019 would be:
 1. Significant global economic slowdown due to the intensifying trade war
 2. Collapse in oil price

Policy on Soft Commission

The Manager will not retain any form of rebates and soft commissions received from any broker in consideration for dealings in the investment of the Funds. However soft commission received for goods and services which are of demonstrable benefit to unit holders and in the forms of research and advisory services that assist in the decision making process relating to the Funds' investments may be retained for the benefit of the Funds under management. All dealings with brokers or dealers will be done based on terms which are most favourable to the Funds.

InterPac Top 30 Ex 100 Fund

For the financial period from 22 August 2018 (date of inception) to
30 June 2019

Statement by Manager to the Unitholders of InterPac Top 30 Ex 100 Fund

We, Lim Tze Cheng and Nazzrul Azman Bin Din, being two of the directors of Inter-Pacific Asset Management Sdn Bhd, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on page 12 to 43 are drawn up in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of InterPac Top 30 Ex 100 Fund as at 30 June 2019 and of its financial performance, changes in equity and cash flows for the financial period from 22 August 2018 (date of inception) to 30 June 2019 .

For and on behalf of the Manager
Inter-Pacific Asset Management Sdn Bhd

Lim Tze Cheng
Director

Nazzrul Azman Bin Din
Director

Kuala Lumpur, Malaysia
30 August 2019

Trustee's Report to the Unitholders of Interpac Top 30 Ex 100 Fund

We, RHB Trustees Berhad, being the trustee for InterPac Top 30 Ex 100 Fund ("the Fund"), are of the opinion that Inter-Pacific Asset Management Sdn Bhd ("the Manager"), acting in the capacity as Manager of the Fund, has fulfilled its duties in the following manner for the financial period from 22 August 2018 (date of inception) to 30 June 2019.

- (a) The fund has been managed in accordance with the limitations imposed on the investment powers of the Manager under the Deed, the Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;
- (b) valuation and pricing for the Fund are carried out in accordance with the Deed and relevant regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deed, and relevant regulatory requirements.

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

MOHD SOFIAN BIN KAMARUDDIN
Vice President

TONY CHIENG SIONG UNG
Director

Kuala Lumpur, Malaysia

Unaudited Statement of comprehensive income

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

		22 Aug 2018 to 30 June 2019
	Note	RM
Investment Income		
Gross dividend income		9,209
Net loss from financial investments:		
- financial assets at fair value through profit or loss ("FVTPL")	6	(52,938)
		<u>(43,729)</u>
Expenses		
Trustee's fee	4	273
Auditors' remuneration		6,070
Tax agent's fee		2,986
Other expenses		6,877
		<u>16,206</u>
Net loss before tax		(59,935)
Income tax expense	5	(92)
Net loss after tax, representing total comprehensive loss for the financial period		<u>(60,027)</u>
Net loss after tax is made up of the following:		
Net realised loss		(46,398)
Net unrealised loss		(13,629)
		<u>(60,027)</u>

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

Unaudited Statement of financial position

As at 30 June 2019

	Note	2019 RM
Assets		
Financial investments at FVTPL	6	413,907
Dividends receivable		2,739
Cash and bank balance		<u>78,048</u>
Total assets		<u>494,334</u>
Liabilities		
Amount due to Trustee	7	28
Other payables		<u>9,056</u>
Total liabilities		<u>9,084</u>
Equity		
Unitholders' capital	8(a)	545,277
Retained earnings		<u>(60,027)</u>
Total equity/Net Asset Value ("NAV")	8	<u>485,250</u>
Total equity and liabilities		<u>494,334</u>
Units in circulation	8(a)	<u>544,063</u>
NAV per unit (RM)		<u>0.8919</u>

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

Unaudited Statement of changes in equity

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

	Unitholders' capital RM	Accumulat ed losses RM	Total equity RM
	Note 8 (a)	Note 8 (b)	
As at 22 August 2018	-	-	-
Total comprehensive loss for the financial period	-	(60,027)	(60,027)
Creation of units	837,758	-	837,758
Cancellation of units	(292,481)	-	(292,481)
As at 30 June 2019	545,277	(60,027)	485,250

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

Unaudited Statement of cash flows

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

	22 Aug 2018 to 30 June 2019 RM
Cash flows from operating and investing activities	
Proceeds from sale of investments	654,454
Purchases of investments	(1,136,985)
Net dividend income received	6,739
Trustee's fee paid	(245)
Capital repayment	13,230
Payment for other fees and expenses	(4,422)
Net cash used in operating and investing activities	<u>(467,229)</u>
Cash flows from financing activities	
Proceeds from creation of units	837,758
Payments for cancellation of units	(292,481)
Net cash generated from financing activities	<u>545,277</u>
Net increase in cash and cash equivalents	78,048
Cash and cash equivalents at beginning of financial period	-
Cash and cash equivalents at end of financial period	<u>78,048</u>
Cash and cash equivalents comprise:	
Cash and bank balance	<u>78,048</u>

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

Notes to the unaudited financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

1. The Fund, the Manager and their principal activities

InterPac Top 30 Ex 100 Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of the Deed dated 3 July 2018 made between the Manager, Inter-Pacific Asset Management Sdn Bhd and the Trustee, RHB Trustees Berhad and the registered holders of the Fund.

The principal activity of the Fund is to invest in “Permitted Investments” as defined under the Deed, which includes securities quoted on Bursa Malaysia Securities Berhad (“Bursa Malaysia”), money market instruments and placement of deposits and any other forms of investments permitted by the Securities Commission Malaysia which are in line with the objective of the Fund.

The Fund was launched on 22 August 2018 and will continue its operations until terminated by the Trustee as provided under Part 12 of the Deed.

The Fund's investment objective is to provide investors with capital appreciation by investing in the top 30 largest market capitalization companies (excluding the top 100 largest market capitalization companies) listed on Bursa Malaysia.

The Manager of the Fund is Inter-Pacific Asset Management Sdn Bhd, a company incorporated in Malaysia. Inter-Pacific Asset Management Sdn Bhd is a wholly-owned subsidiary of Inter-Pacific Securities Sdn. Bhd. (“IPS”). The holding, penultimate holding and ultimate holding companies of Inter-Pacific Securities Sdn. Bhd. is Inter-Pacific Capital Sdn. Bhd., Berjaya Capital Berhad and Berjaya Corporation Berhad respectively, all of which are incorporated in Malaysia. The principal business of the Manager is to carry on business as fund manager and manager of unit trust funds.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) as issued by the Malaysian Accounting Standards Board (“MASB”) and also International Financial Reporting Standards (“IFRS”).

The financial statements of the Fund have been prepared under the historical cost convention, unless stated otherwise in the accounting policies. The financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund's functional currency.

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

2. Summary of significant accounting policies (cont'd.)

2.2 Accounting policies

On 22 August 2018, the Fund adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2018.

Effective for financial year beginning on or after 1 January 2018

Amendments to MFRS 2: *Share-based Payment - Classification and Measurement of Share-based Payment Transactions*

MFRS 9: *Financial Instruments*

MFRS 15: *Revenue from Contracts with Customers*

Clarifications to MFRS 15: *Revenue from Contracts with Customers*

Amendments to MFRS 140: *Investment Property - Transfers of Investment Property*

Amendments to MFRS 4: *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*

Annual Improvements to MFRSs 2014 - 2016 Cycle

Amendments to MFRS 1: *First-time Adoption of Malaysian Financial Reporting Standards entitled "Annual Improvements to MFRS Standards 2014 - 2016 Cycle"*

Amendments to MFRS 128: *Investments in Associates and Joint Ventures contained in the documents entitled "Annual Improvements to MFRS Standards 2014- 2016 Cycle"*

IC Interpretation 22: *Foreign Currency Transactions and Advance Consideration*

Adoption of the above standards and interpretations did not have any effect on the financial statements of the Fund except as discussed below:

MFRS 9 Financial instruments

MFRS 9 Financial Instruments replaces MFRS 139 "Financial Instruments: Recognition and Measurement" and all previous versions of MFRS 9 for annual periods on or after 1 January 2018. MFRS 9 requires financial assets to be classified on the basis of the business model within which they are held and their contractual cash flow characteristics. The requirements related to the fair value option for financial liabilities were also changed to address own credit risk.

MFRS 9 also requires impairment assessments to be based on an expected credit loss model, replacing the MFRS 139 incurred loss model. Finally, MFRS 9 aligns hedge accounting more closely with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies and weaknesses in the previous model.

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

2. Summary of significant accounting policies (cont'd.)

2.2 Accounting policies (cont'd.)

MFRS 9 Financial instruments (cont'd.)

During the financial year, the Fund has performed a detailed impact assessment of all three aspects of MFRS 9, classification and measurement, impairment and hedging. The assessment is based on currently available information and subject to changes arising from further reasonable and supportable information being made available to the Fund. Overall, the standard has no significant impact to the Fund's financial position and its results since the Fund does not expect any additional credit losses on receivables.

In addition, there are no significant changes in classification of financial instruments or the presentation of disclosures in the financial statements, except for some changes to the accounting policies to be consistent with MFRS 9. No impact shall be expected from hedging requirements under the MFRS 9 as the Fund does not plan to apply hedge accounting.

2.3 Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following pronouncements have been issued by the MASB but are not yet effective and have not been adopted by the Fund.

Effective for financial year beginning on or after 1 January 2019

Amendments to MFRS contained in the document entitled "*Annual Improvements to MFRS Standards document 2015-2017 Cycle*"

Amendments to MFRS 3 and MFRS 11: *Previously Held Interest in a Joint Operation* contained in the document entitled "*Annual Improvements to MFRS Standards 2015 - 2017 Cycle*"

Amendments to MFRS 112: *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* contained in the document entitled "*Annual Improvements to MFRS Standards 2015 - 2017 Cycle*"

Amendments to MFRS 123: *Borrowing Costs Eligible for Capitalisations* contained in the document entitled "*Annual Improvements to MFRS Standards 2015 - 2017 Cycle*"

MFRS 16: *Leases*

Amendments to MFRS 9: *Prepayments Features with Negative Compensation*

Amendments to MFRS 119: *Plan Amendment, Curtailment or Settlement*

Amendments to MFRS 128: *Long Term Interests in Associates and Joint Ventures*

IC Interpretation 23: *Uncertainty over Income Tax Treatments*

Amendments to MFRS 2: *Share-based Payment*

Amendments to MFRS 3: *Business Combinations*

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

Effective for financial year beginning on or after 1 January 2019 (cont'd.)

Amendments to MFRS 3: *Definition of Business*

Amendments to MFRS 6: *Explorations for and Evaluation of Mineral Resources*

Amendments to MFRS 14: *Regulatory Deferral Accounts*

Amendments to MFRS 101: *Presentation of Financial Statements*

Amendments to MFRS 108: *Accounting Policies, Changes in Accounting Estimates and Errors*

Amendments to MFRS 101 & MFRS 108: *Definition of Material*

Amendments to MFRS 134: *Interim Financial Reporting*

Amendments to MFRS 137: *Provisions, Contingent Liabilities and Contingent Assets*

Amendments to MFRS 138: *Intangible Assets*

Amendments to IC Interpretation 12: *Service Concession Arrangements*

Amendments to IC Interpretation 19: *Extinguishing Financial Liabilities with Equity Instruments*

Amendments to IC Interpretation 20: *Stripping Costs in the Production Phase of a Surface Mine*

Amendments to IC Interpretation 22: *Foreign Currency Transactions and Advance Consideration*

Amendments to IC Interpretation 132: *Intangible Assets - Web Site Costs Consideration*

Effective for financial year beginning on or after 1 January 2022

MFRS 17 *Insurance Contracts*

Effective date of these Standards have been deferred and yet to be announced

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Fund expects that the adoption of the above pronouncements will have no material impact on the financial statements in the period of initial application.

2.4 Summary of significant accounting policies

(a) Financial instruments

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provision of the instrument. Financial

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

2. Summary of significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Financial instruments (cont'd.)

assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(b) Financial assets (with effect from 22 August 2018)

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the assets.

(i) Classification of financial assets

Unless designated as at FVTPL on initial recognition, debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

- the assets are held within a business model whose objectives is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that do not meet the criteria above are classified as either fair value through other comprehensive income ("FVTOCI") or FVTPL.

The Fund classifies cash and cash equivalents, dividend income receivable, profit income receivable and amount due from Manager as financing and receivables, and are subsequently measured at amortised cost.

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

2. Summary of significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(b) Financial assets (with effect from 22 August 2018) (cont'd.)

(ii) Financial assets at FVTPL

Investments in unquoted fixed income securities is classified as FVTPL, unless the Fund designates an investment that is not held for trading as FVTOCI on initial recognition.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of the portfolio of identified financial instruments that the Fund manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instruments or a financial guarantee.

Debt instruments that do not meet the amortised cost or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Profit income on debt instruments as at FVTPL is disclosed separately in the profit or loss.

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

2. Summary of significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(b) Financial assets (with effect from 22 August 2018) (cont'd.)

(iii) Impairment of financial assets

Credit losses are recognised based on the 'Expected Credit Loss' ("ECL") model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL (financial assets that are debt instruments). The impairment model does not apply to equity investments.

ECL is a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date:
As the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive);
- As the difference between the gross carrying amount and the present value of estimated future cash flows.

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the issuer or counterparty;
- Significant downgrade in credit rating of the instrument by a rating agency;
- A breach of contract such as a default or past due event; or
- The disappearance of an active market for a security because of financial difficulties.

For balances with short-term nature, full impairment will be recognised on uncollected balances after the grace period.

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

2. Summary of significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(b) Financial assets (with effect from 22 August 2018) (cont'd.)

(iii) Impairment of financial assets (cont'd.)

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of equity instruments classified as FVTOCI, the cumulative gain or loss previously accumulated in unrealised reserve is not reclassified to profit or loss, but is reclassified to distributable realised reserve. However, on derecognition of debt instruments classified as FVTOCI, the cumulative gain or loss previously accumulated in unrealised reserve is reclassified to profit or loss.

On derecognition of financial asset classified as FVTPL, the cumulative unrealised gain or loss previously recognised is transferred to realised gain or loss on disposal in profit or loss.

(c) Financial assets (prior to 22 August 2018)

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

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

The Fund determines the classification of its financial assets at initial recognition and categories applicable to the Fund are financial assets at fair value through profit or loss and financing and receivables.

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

2. Summary of significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(c) Financial assets (prior to 22 August 2018) (cont'd.)

(i) Financial assets designated at FVTPL at inception

Classification

The Fund designates its investments in equities as financial assets at FVTPL at inception.

Financial assets are designated at fair value through profit or loss where they are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs.

Unrealised gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are presented in the statement of comprehensive income within 'net gain on financial assets at fair value through profit and loss' in the year in which they arise. Any unrealised gains, however, are not distributable.

(ii) Financing and receivables

Classification

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as financing and receivables. Financial assets classified in this category comprise cash at bank, deposits with licensed financial institutions and profit income receivables.

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

2. Summary of significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(c) Financial assets (prior to 22 August 2018) (cont'd.)

(ii) Financing and receivables (cont'd)

Recognition and measurement

Subsequent to initial recognition, financing and receivables are measured at amortised cost using the effective profit rate method. Gains and losses are recognised in the profit and loss when the financing and receivables are derecognised or impaired, and through the amortisation process.

(d) Derecognition of financial assets (prior to 22 August 2018)

A financial asset is derecognised when:

- (1) The rights to receive cash flows from the asset have expired; or
- (2) The Fund has transferred its rights to receive cash flows from the financial asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either:
 - the Fund has transferred substantially all the risks and rewards of the financial assets; or
 - the Fund has neither transferred nor retained substantially all the risks and rewards, but has transferred control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, if any, is recognised in profit or loss. Any cumulative unrealised gain or loss previously recognised is transferred to realised gain or loss on disposal in profit or loss.

(e) Impairment of financial assets (prior to 22 August 2018)

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

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

2. Summary of significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(e) Impairment of financial assets (prior to 22 August 2018) (cont'd.)

(i) Financing and receivables

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

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

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

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

(f) Financial liabilities

Classification

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

The Fund classifies amount due to Manager, amount due to Trustee and other payables and accruals as financial liabilities.

Recognition and measurement

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

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

2. Summary of significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(f) Financial liabilities (cont'd.)

The Fund's financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit rate method.

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

(g) Fair value measurement

The Manager measures its financial instruments at fair value, at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability; or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described under Note 13(d).

(h) Unitholders' capital

The unitholders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 Financial Instruments: Presentation. Those criteria include:

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

2. Summary of significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(h) Unitholders' capital (cont'd.)

- (i) the units entitle the holder to a proportionate share of the Fund's NAV;
- (ii) the units are the most subordinated class and class features are identical;
- (iii) there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- (iv) the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if unitholder exercises the right to put the unit back to the Fund. Units are created and cancelled at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

Distribution equalisation represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

(i) Distributions

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as a deduction from unitholders' capital. A proposed distribution is recognised as a liability in the period in which it is approved.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and deposits with licensed financial institutions with original maturity of three (3) months or less which have an insignificant risk of changes in value.

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

2. Summary of significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Investment income

Profit 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. Profit income is measured at the fair value of consideration received or receivable.

Profit income from deposit with a licensed financial institution is recognised on an accruals basis using the effective profit rate method.

Dividend income is recognised as revenue when the right to receive payment is established.

(l) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Current tax expense is determined according to Malaysian tax laws at the current tax rate based upon the taxable profit earned during the financial year. No deferred tax is recognised as no temporary differences have been identified.

(m) Critical accounting estimates and judgements

The preparation of the Fund's financial statements requires the Manager to make judgements, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future. No major judgments have been made by the Manager in applying the Fund's accounting policies. 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.

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

3. Manager's fee

The Manager's fee was computed daily based on 1.50% per annum of the NAV for the financial period from 22 August 2018 (date of inception) to 30 June 2019. The fee was waived by the Manager during the period.

4. Trustee's fee

The Trustee's fee was computed daily based on 0.07% per annum of the NAV for the financial period from 22 August 2018 (date of inception) to 30 June 2019.

5. Income tax expense

Income tax was calculated at the Malaysian tax rate of 24% of the estimated assessable income for the financial period from 22 August 2018 (date of inception) to 30 June 2019.

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

	2019
	RM
Net loss before tax	(59,935)
Taxation at Malaysian tax rate of 24%	(14,384)
Tax effects of:	
Income not subject to tax	10,495
Expenses not deductible for tax purposes	3,889
Income subject to withholding tax	92
Tax expense for the financial period	<u>92</u>

6. Financial investments at FVTPL

		2019
		RM
Financial investments at FVTPL:		
Quoted equity securities	(a)	<u>413,907</u>
Net loss on financial investments at FVTPL comprised:		
Realised loss on disposals		(39,909)
Unrealised loss on changes in fair value		<u>(13,629)</u>
		<u>(52,938)</u>

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

6. Financial investments at FVTPL (cont'd.)

(a) Quoted equity securities

The details of quoted equity securities held by the Fund are set out as follows:

As at 30 June 2019

Name of counter	No. of shares	Cost RM	Market value RM	Percentage of NAV %
Construction				
Kerjaya Prospek Group Malaysia Bhd	11,200	13,634	15,456	3.19
Ekovest Berhad	18,300	16,512	15,555	3.21
		30,146	31,011	6.40
Consumer Products & Services				
7-Eleven Malaysia Holdings Bhd	9,679	13,161	14,422	2.97
Aeon Co. (M) Berhad	9,400	13,913	15,792	3.25
Guan Chong Berhad	3,600	12,672	12,096	2.49
		39,746	42,310	8.71
Energy				
Heng Yuan Refining Company Berhad	2,400	14,168	12,648	2.61
Petron Malaysia Refining And Marketing Berhad	2,100	16,647	12,831	2.64
Hibiscus Petroleum Berhad	12,700	12,446	13,589	2.80
		43,261	39,068	8.05

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

(a) Quoted equity securities (cont'd.)

Name of counter	No. of shares	Cost RM	Market value RM	Percentage of NAV %
Healthcare				
Supermax Corporation Bhd	9,400	14,330	15,698	3.24
		<hr/>	<hr/>	<hr/>
		14,330	15,698	3.24
Industrial Products & Services				
V.S Industry Berhad	14,200	15,041	15,478	3.19
SKP Resources Bhd	10,300	13,802	13,390	2.76
Keck Seng (Malaysia) Berhad	2,900	11,806	13,630	2.81
Boustead Holdings Bhd	12,600	14,112	13,734	2.83
UEM Edgenta Berhad	5,300	14,098	14,840	3.06
Ata Ims Berhad	8,100	12,862	12,798	2.64
		<hr/>	<hr/>	<hr/>
		81,721	83,870	17.29
Plantation				
Far East Holdings Berhad	4,600	13,397	11,868	2.45
Boustead Plantations Berhad	18,200	16,378	13,377	2.76
		<hr/>	<hr/>	<hr/>
		29,775	25,245	5.21
Property				
IGB Berhad	4,800	13,344	13,440	2.77
Eco World International Berhad	21,900	19,367	14,345	2.96
Mahsing Group Berhad	15,600	14,118	14,352	2.96
TA Group Berhad	53,200	14,098	13,300	2.74
OSK Holdings Berhad	16,200	15,726	15,228	3.14
Matrix Concept Holdings Berhad	7,300	14,388	13,870	2.86
		<hr/>	<hr/>	<hr/>
		91,041	84,535	17.43

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

6. Financial investments at FVTPL (cont'd.)

(a) Quoted equity securities (cont'd)

Name of counter	No. of shares	Cost RM	Market value RM	Percentage of NAV %
Real Estate Investment Trusts				
Capitaland Malaysia Mall Trust	12,700	14,227	13,208	2.72
Axis Real Estate Investment Trust	7,700	11,845	13,475	2.78
		<u>26,072</u>	<u>26,683</u>	<u>5.50</u>
Technology				
Malaysian Pacific Industries Berhad	1,400	15,141	12,908	2.66
Unisem (M) Berhad	5,200	14,427	12,792	2.64
		<u>29,568</u>	<u>25,700</u>	<u>5.30</u>
Transportation & Logistics				
Lingkaran Trans Kota Holdings Berhad	3,000	12,540	14,670	3.02
GD Express Carrier Berhad	43,900	16,820	11,634	2.40
		<u>29,360</u>	<u>26,304</u>	<u>5.42</u>
Utilities				
Taliworks Corporation Berhad	14,900	12,516	13,485	2.78
		<u>12,516</u>	<u>13,485</u>	<u>2.78</u>
Total financial investments at FVTPL		<u>427,537</u>	<u>413,907</u>	<u>85.32</u>
Deficit of fair value over cost		<u>(13,629)</u>		

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

7. Amount due from/to Manager, Trustee and Brokers

Amount due to Trustee relates to the amount payable to the Trustee arising from the accruals of Trustee's fee at the end of the financial period.

8. Total equity/Net Asset Value ("NAV")

	Note	2019 RM
Unitholders' capital	(a)	545,277
Retained earnings		
- Realised reserve	(b)	(46,398)
- Unrealised reserve	(c)	(13,629)
Total equity		<u>485,250</u>

(a) Unitholders' capital

	2019	
	No. of units	RM
At the beginning of the financial period	-	-
Creation of units for the financial period	870,373	837,758
Cancellation of units for the financial period	(326,310)	(292,481)
At the end of the financial period	<u>544,063</u>	<u>545,277</u>

(b) Realised reserve – Distributable

	2019 RM
At the beginning of the financial period	-
Net loss after tax	(60,027)
Net unrealised loss attributable to financial investments at FVTPL held transferred to unrealised reserve	13,629
Net decrease in realised reserve for the year	<u>(46,398)</u>
At the end of the financial period	<u>(46,398)</u>

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

8. Total equity/Net Asset Value ("NAV") (cont'd.)

(c) Unrealised reserve – Non-distributable

	2019
	RM
At the beginning of the financial period	-
Net unrealised loss attributable to investments at FVTPL held transferred from realised reserve	(13,629)
At the end of the financial period	<u>(13,629)</u>

9. Portfolio turnover ratio

	2019
Portfolio turnover ratio ("PTR")	<u>1.93 times</u>

PTR represents the average of the total acquisitions and disposals of the investments in the Fund for the financial period over the average NAV attributable to unitholders of the Fund for the financial period calculated on a daily basis.

The PTR is calculated as follows:

$$\text{PTR} = \frac{(\text{Total acquisition of investments} + \text{Total disposal of investments for the financial period} \times 2)}{\text{Average NAV attributable to unitholders of the Fund for the financial period calculated on a daily basis}}$$

* Excludes short term deposits with financial institutions.

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

10. Management expense ratio

	2019
Management expense ratio ("MER")	<u>3.49 %</u>

MER is ratio of total expenses of the Fund expressed as a percentage of the average NAV attributable to unitholders of the Fund for the financial period calculated on a daily basis.

The MER is calculated as follows:

$$\text{MER} = \frac{\text{Total expenses incurred by the Fund for the financial period}}{\text{Average NAV attributable to unitholders of the Fund for the financial period calculated on a daily basis}} \times 100$$

11. Units held by the Manager and related parties

	2019	
	No. of units	RM
Inter-Pacific Capital Sdn Bhd	500,000	445,950
Personnel of the Manager	<u>2,303</u>	<u>2,054</u>

The value of units held by the related parties mentioned above are based on NAV. The related parties are the legal and beneficial owners of the units.

The directors of the Manager are of the opinion that the transactions with the related parties have been entered into 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. These dealings with the related parties have been transacted on an arm's length basis.

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

12. Transactions with related and other brokers

Details of transactions with the brokers for the financial period from 22 August 2018 (date of inception) to 30 June 2019 are as follows:

Name of broker	Value of trade RM	Percentage of total trade %	Brokerage fees RM	Percentage of total brokerage fees %
Inter-Pacific Securities Sdn. Bhd. (related party)	24,460	1.4	80	1.1
CIMB Investment Bank Bhd	272,596	15.2	1,400	18.5
RHB Investment Bank Bhd	343,760	19.2	1,360	18.0
Kenanga Investment Bank Bhd	678,638	37.9	2,921	38.6
Public Investment Bank Bhd	469,857	26.3	1,800	23.8
	<u>1,789,311</u>	<u>100.0</u>	<u>7,561</u>	<u>100.0</u>

The directors of the Manager are of the opinion that the transactions with the related parties have been entered into 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. Those dealings with the related parties have been transacted on an arm's length basis.

13. 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 2.4 describe how the classes of financial instruments are measured, and how income and expenses are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position as at the reporting date by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

13. Financial instruments (cont'd.)

(a) Classification of financial instruments (cont'd.)

2019	Fair value through profit and loss RM	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Assets				
Quoted investments	413,907	-	-	413,907
Dividends receivable	-	2,379	-	2,379
Cash and bank balance	-	78,048	-	78,048
Total financial assets	413,907	80,427	-	494,334
Liabilities				
Amount due to Trustee	-	28	-	28
Other payables	-	9,056	-	9,056
Total financial assets	-	9,084	-	9,084

(b) Financial instruments that are carried at fair value

The Fund's investments at FVTPL are carried at fair value.

Fair value is determined by reference to their published market bid price at the reporting date.

(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

The carrying amounts of the Fund's financial instruments that are not carried at fair value are reasonable approximations of fair value due to their short term maturity.

There were no financial instruments which are not carried at fair value and whose carrying amounts are not reasonable approximations of their respective fair value.

(d) Fair value hierarchy

Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1:

Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

13. Financial instruments (cont'd.)

(d) Fair value hierarchy (cont'd.)

Level 2:

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3:

Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2019 RM	Level 1 RM	Level 2 RM	Level 3 RM
Financial assets at FVPTL				
- Quoted investments	413,907	413,907	-	-

There were no transfers between Level 1 and Level 2 during the current and previous financial period.

14. Segmental reporting

In accordance with the objective of the Fund, all of the Fund's investments were initially made in the form of quoted equity securities.

As all of the Fund's investments are in Malaysia, the Fund does not have separate identifiable geographical segments.

15. Financial risk and management objectives and policies

The Fund is exposed to a variety of risks including market risk (which includes interest rate risk, price risk and currency 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's objective in managing risk is the creation and protection of unitholders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks. Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the TrustDeed, the Securities Commission's Guidelines on Unit Trust Funds and the Capital Markets and Services Act, 2007.

Notes to the financial statements

For the financial period from 22 August 2018 (date of inception) to 30 June 2019

15. Financial risk and management objectives and policies (cont'd)

(a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. However, the Fund is not exposed to equity price risk or currency risk as it does not hold any equity investments nor investments denominated in currencies other than Ringgit Malaysia.

(i) Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of investments as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in quoted equity investments.

Equity price risk sensitivity

Management's best estimate of the effect on the profit/(loss) for the year and other comprehensive income due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below:

	Changes in price %	Effect on income for the year Increase/ (Decrease) RM	Effects on NAV Increase/ (Decrease) RM
2019			
Equity investment	+5%/-5%	20,695/ (20,695)	20,695/ (20,695)

Price risk concentration

The Fund's concentration of equity price risk analysed by the Fund's equity instruments by sector is disclosed in Note 6(a).

Notes to the financial statements

For the year ended 30 June 2019

15. Financial risk and management objectives and policies (cont'd.)

(b) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Manager manages the Fund's credit risk by undertaking credit evaluation and close monitoring of any changes to the issuer/counterparty's credit profile to minimise such risk. It is the Fund's policy to enter into financial instruments with reputable counterparties. The Manager also closely monitors the creditworthiness of the Fund's counterparties by reviewing their credit ratings and credit profile on a regular basis.

(i) Credit risk exposure

At the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. None of the Fund's financial assets were past due or impaired as at the reporting date.

(ii) Credit quality of financial assets

For cash at bank, the Fund only makes placements with financial institutions with sound rating.

(c) Liquidity risk (cont'd.)

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are 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 redeem its units earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unitholders by the Manager are redeemable at the unitholder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's Trust Deed.

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unitholders. Liquid assets comprise cash and other instruments which are capable of being converted into cash within 7 days.

Notes to the financial statements

For the year ended 30 June 2019

15. Financial risk and management objectives and policies (cont'd.)

(c) Liquidity risk (cont'd.)

The following table summarises the maturity profile of the Fund's units in issue (classified as equity instruments) and financial liabilities. Balances due within six months equal their carrying amounts, as the impact of discounting is insignificant. The table also analyses the maturity profile of the Fund's financial assets (undiscounted where appropriate) and equity in order to provide a complete view of the Fund's contractual commitments and liquidity.

	Less than 3 month 2019 RM
<u>Financial assets:</u>	
Investment at fair value through profit and loss ("FVTPL")	413,907
Dividend receivable	2,379
Cash and bank balance	78,048
Total undiscounted financial assets	<u>494,334</u>
<u>Financial liabilities:</u>	
Amount due to Trustee	28
Other payables	9,056
Total undiscounted financial liabilities	<u>9,084</u>
Unitholders' equity	<u>485,250</u>
Liquidity gap	<u>-</u>

Notes:

(i) Financial assets

Analysis of financial investments at fair value through profit or loss into maturity groupings is based on the expected date on which these assets will be realised. The Fund's investments have been included in the "less than 1 month" category on the assumption that these are highly liquid investments which can be realised should all of the Fund's Unitholders' equity be required to be redeemed.

For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date on which the assets will be realised.

Notes to the financial statements

For the year ended 30 June 2019

15. Financial risk and management objectives and policies (cont'd.)

(c) Liquidity risk (cont'd.)

(ii) Financial liabilities

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

(iii) Unitholders' equity

As unitholders can request for redemption on their units, the unitholders' equity have been categorised as having a maturity of "less than 3 months". The fund does not have a liquidity gap.

16. Capital Management

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund.

The Fund's approved fund size and units at the end of the period is disclosed in Note 7(a).

The Fund's objectives for managing capital are:

- (a) To invest in investments meeting the description, risk exposure and expected returns indicated in its prospectus;
- (b) To achieve consistent returns while safeguarding capital by using various investment strategies;
- (c) To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- (d) To maintain sufficient fund size to make the operations of the Fund cost-efficient.

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

Corporate Directory

The Manager

Inter-Pacific Asset Management Sdn. Bhd. (204709-U)

Registered Address

Lot13-01A, Level 13,
(East Wing), Berjaya Times Square,
No. 1, Jalan Imbi,
55100 Kuala Lumpur

Business Address

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Berjaya Times Square,
No. 1, Jalan Imbi,
55100 Kuala Lumpur

Telephone Number

03-2117 1888

Fax Number

03-2142 6029

Manager's Board of Directors

Abdul Halim Bin Haji Noordin (Independent)
Khoo Teik Hock (Independent)
Tan Mun Choy (Non-Independent)
Lim Tze Cheng (Non-Independent)
Nazzrul Azman Bin Din (Non-Independent)

Investment Committee Members

Abdul Halim Bin Haji Noordin (Independent)
Khoo Teik Hock (Independent)
Lim Tze Cheng (Non-Independent)
Najmiyah Binti Abd Hasan (Non-Independent)

Company Secretary

Wong Siew Guek (MAICSA No. 7042922)

Address

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55100 Kuala Lumpur

Telephone Number

03 – 2149 1999

The Trustee

RHB Trustees Berhad (573019-U)

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Level 10 Tower One,
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<http://www.rhbgroup.com>

The Trustee's Delegate

Standard Chartered Bank Malaysia Berhad (115793P)

Registered Address

30, Jalan Sultan Ismail,
50250 Kuala Lumpur

Business Address

30, Jalan Sultan Ismail,
50250 Kuala Lumpur

Telephone Number

27215621

Fax Number

27116060

Auditors

Ernst & Young (AF 0039)

Address

Level 23A, Menara Milenium,
Jalan Damanlela,
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50490 Kuala Lumpur

Telephone Number

03-7495 8000

Tax Consultants

Ernst & Young Tax Consultants Sdn. Bhd. (179793-K)

Address

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50490 Kuala Lumpur

Telephone Number

03-7495 8000

Principal Banker

RHB Bank Berhad (6171-M)

Address

Head Office, Tower Two & Three,
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Telephone Number

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Regulatory Advisors / Others

Federation of Investment Managers Malaysia (272577-P)

Address

19-06-1, 6th Floor, PNB Damansara
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Fax Number

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Directory of sales offices

HEAD OFFICE

Inter-Pacific Asset Management Sdn Bhd

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