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# **APEX MALAYSIA GROWTH TRUST (AMGT)**

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## **ANNUAL REPORT**

For Financial Year Ended 31 December 2020 (Audited)

## APEX MALAYSIA GROWTH TRUST

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## 1. FUND INFORMATION

<b>NAME OF FUND</b>	Apex Malaysia Growth Trust (AMGT)																																							
<b>TYPE OF FUND</b>	Growth																																							
<b>CATEGORY OF FUND</b>	Equity																																							
<b>INVESTMENT OBJECTIVE</b>	To seek capital appreciation over the medium to long term.																																							
<b>PERFORMANCE BENCHMARK</b>	<ul style="list-style-type: none"> <li>▪ FBM KLCI</li> </ul> (Source: Bursa Malaysia through Bloomberg)  <i>“The risk profile of the performance benchmark is not the same as the risk profile of the Fund.”</i>																																							
<b>FUND DISTRIBUTION POLICY</b>	Distribution is at the discretion of the Manager. If income distributed, it will be automatically re-invested via issuance of additional Units in the Fund.  Generally, in the absence of written instructions from the Unitholders, income for the Fund will be automatically reinvested into additional Units of the Fund at NAV per Unit on income payment date. Unitholders who wish to realise any income can do so by redeeming Units held in the Fund.  For reinvestment into additional units, no sales charges will be imposed.																																							
<b>BREAKDOWN OF UNIT HOLDINGS BY SIZE</b>	Unit Holdings Statistics as at 31 December 2020																																							
	<table border="1"> <thead> <tr> <th><i>Size of Unitholding (Units)</i></th> <th><i>No. of Unit Holder</i></th> <th><i>%</i></th> <th><i>Unit Holding</i></th> <th><i>%</i></th> </tr> </thead> <tbody> <tr> <td>5,000 and below</td> <td>6</td> <td>3.62</td> <td>23,522</td> <td>0.13</td> </tr> <tr> <td>5,001 to 10,000</td> <td>1</td> <td>0.60</td> <td>7,770</td> <td>0.04</td> </tr> <tr> <td>10,001 to 50,000</td> <td>68</td> <td>40.96</td> <td>1,837,018</td> <td>10.35</td> </tr> <tr> <td>50,001 to 500,000</td> <td>83</td> <td>50.00</td> <td>8,844,483</td> <td>49.82</td> </tr> <tr> <td>500,001 and above</td> <td>8</td> <td>4.82</td> <td>7,040,450</td> <td>39.66</td> </tr> <tr> <td><b>Total</b></td> <td><b>166</b></td> <td><b>100.00</b></td> <td><b>17,753,243</b></td> <td><b>100.00</b></td> </tr> </tbody> </table>					<i>Size of Unitholding (Units)</i>	<i>No. of Unit Holder</i>	<i>%</i>	<i>Unit Holding</i>	<i>%</i>	5,000 and below	6	3.62	23,522	0.13	5,001 to 10,000	1	0.60	7,770	0.04	10,001 to 50,000	68	40.96	1,837,018	10.35	50,001 to 500,000	83	50.00	8,844,483	49.82	500,001 and above	8	4.82	7,040,450	39.66	<b>Total</b>	<b>166</b>	<b>100.00</b>	<b>17,753,243</b>	<b>100.00</b>
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## 2. FUND PERFORMANCE

Summary of performance data is as follows:

	30.06.2020 RM	30.06.2019 RM	30.06.2018 RM	
Portfolio Composition:				
- Equity securities	93.60	91.10	81.65	
- Liquid assets and others	6.40	8.90	18.35	
Net Assets Value (RM)	3,857,276	2,340,098	2,295,140	
Number of Units in Circulation	17,753,243	10,875,808	10,734,992	
Net Asset Value per Units (RM)	0.2173	0.2152	0.2138	
Highest NAV Price for the period under review (RM)	0.2217	0.2329	0.2686	
Lowest NAV Price for the period under review (RM)	0.1423	0.2069	0.2123	
Total Return for the period review (RM)				
- Capital growth	617,196	263,051	(651,527)	
- Income distribution	237,471	201,286	192,612	
Gross Distribution Per Unit (RM)	0.020	0.020	0.020	
Net Distribution Per Unit (RM)	0.019	0.019	0.019	
Management Expenses Ratio (MER) (%)	1.99*	2.03	2.11	
<i>*there was no significant changes in the MER.</i>				
Portfolio Turnover Ratio (PTR) (times)	0.88*	0.34	0.69	
<i>*the PTR for the financial year was higher compared with previous financial year as there were higher investment activities during the financial year under review.</i>				
	Total Return		Average Total Return	
	AMGT	Index	AMGT	Index
1 Year	13.05	2.42	13.05	2.42
3 Year	11.05	-9.44	3.69	-3.15
5 Year	11.88	-3.86	2.38	-0.77
Since Inception 29 August 1997	149.11	102.29	6.40	4.39
<b>Annual total return for each of the last five financial year ended</b>				
	AMGT		Index	
31.12.2020	13.05		2.42	
31.12.2019	10.13		-6.02	
31.12.2018	-11.31		-5.91	
31.12.2017	13.90		9.45	
31.12.2016	-11.53		-3.00	

*Performance independently verified by Novagni Analytics and Advisory Sdn Bhd (363145-W)*

*\*Notes:*

- 1. Total returns as at 31.12.2020. Total returns are calculated based on NAV per unit, adjusted for income distribution, if any.*
- 2. The basis of calculation for the average total return is by dividing the total return by the numbers of years.*

***Past performance is not necessarily indicative of future performance. Unit prices and investment returns may fluctuate.***

### 3. MANAGER'S REPORT

#### FUND'S OBJECTIVE ACHIEVEMENTS

The Fund has achieved its stated objective to achieve capital appreciation over medium to long term. For the period ended 31<sup>st</sup> December 2019, the Fund had achieved a total return of 149.11% since its inception on 29<sup>th</sup> August 1997. The benchmark return was 102.29% for the same period.

#### PERFORMANCE ANALYSIS

For the one-year period ended 31<sup>st</sup> December 2020, the Fund achieved a return of 13.05% compare to the benchmark return of 2.42%, resulting in the outperformance against the benchmark of 10.63%. The total NAV of the Fund increased to RM 3,857,276 as at 31<sup>st</sup> December 2020 from RM 2,340,098 as at 31<sup>st</sup> December 2019. The increase in NAV was mainly due to new subscriptions by unit holders and portfolio value appreciation.

#### PERFORMANCE OF APEX MALAYSIA GROWTH TRUST BY FBMKLCI SINCE 29 AUGUST 1997 TO 31 DECEMBER 2020 AMGT HAS OUTPERFORMED THE FBMKLCI BY 46.82%



Graph independently verified by Novagni Analytics and Advisory Sdn Bhd (363145-W)

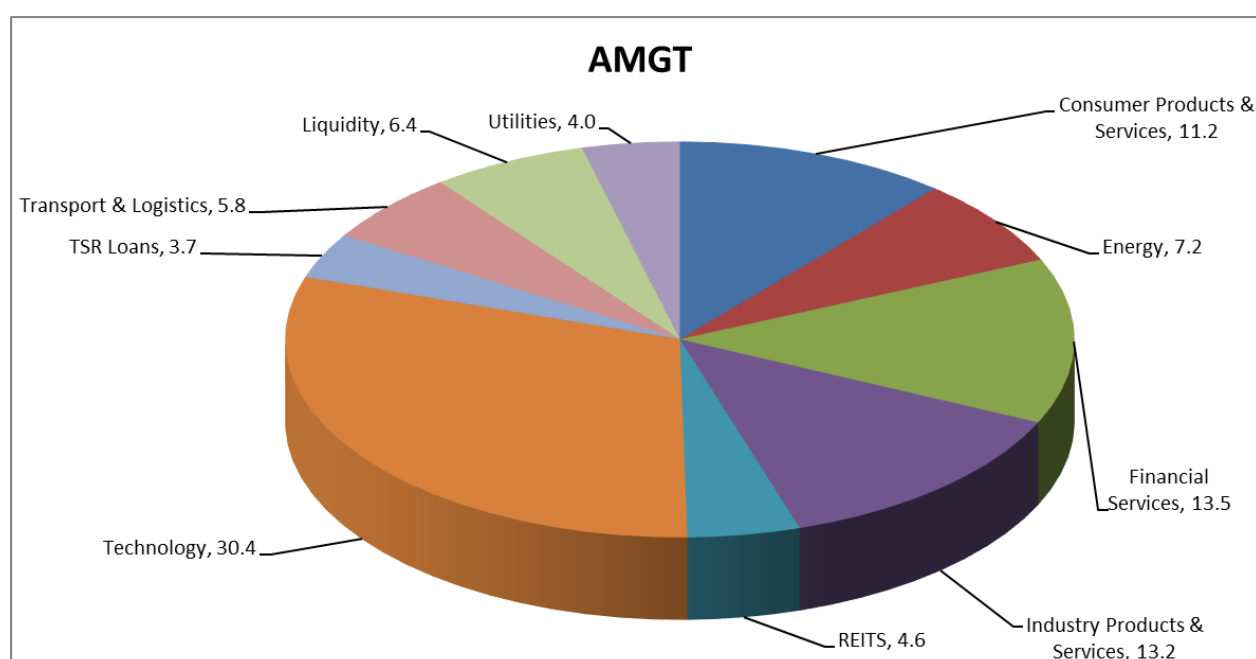
## STRATEGIES EMPLOYED

The Fund had adopted the top-down and bottom up approach for its investment strategy. The investment policy was to invest in mostly undervalued companies with good potential of growth.

The fund consists of only in shares or warrants that were listed on the Bursa Malaysia. In term of market sector, the Fund had concentrated mainly in the areas of technology, finance and industrial products.

Investment strategy will remain centered on well-managed liquid stocks that exhibit good growth prospects with strong earning visibility. Stocks with strong cash flows, decent yield and have proactive capital management will also be considered.

## ASSET ALLOCATION



## ASSET ALLOCATION BY SECTOR AS AT 31 DECEMBER 2020

QUOTED SECURITIES	31 DEC 2020	31 DEC 2019
Consumer Products & Services	11.2	24.4
Energy	7.2	7.5
Financial Services	13.5	13.1
Health Care	-	5.5
Industry Products & Services	13.2	9.0
Industrial	-	4.6
REITS	4.6	6.6
Liquidity	6.4	8.9
Technology	30.4	11.4
Transport & Logistics	5.8	-
TSR Loans	3.7	5.1
Utilities	4.0	3.9

## MARKET REVIEW

2020 has been a year like no other. The Covid-19 pandemic took center-stage in Q1 as infection cases rose exponentially across the world. Equity markets sold-off as the lock-down in many countries took a severe toll on their economies.

In 2020, Malaysia experienced the largest ever annual foreign outflow of RM 24.6 bil. This outflow surpassed the previous record annual foreign outflow of RM 19.7bil in 2015. Despite the huge repatriation by foreigners, it was offset by a surge in retail participation. Bursa's average daily turnover by value ("ADTV") in 2020 hit an all-time high of RM 4.2bil (vs RM 1.9bil in 2019). Retail participation as a percentage of Bursa's ADTV increased from 24.5% in 2019 to 37.5% in 2020.

Malaysia 2Q20 GDP growth contracted by -17.1% YoY. This was the steepest fall since the Asian Financial Crisis in 1998 (GDP -11.0% YoY). The decline in Malaysia's 2Q GDP growth was the worst among its regional peers e.g. Singapore (-13.2% YoY), Philippines (-16.5% YoY), Indonesia (-5.3% YoY) and Thailand (-12.2% YoY). The contraction was due to the government's decision to impose a strict lock-down of the economy. The output loss during the Mandatory Control Order (MCO) period was estimated at RM 900 mil to RM 1.4bil a day. However, Malaysia's 3Q GDP contracted at a much slower pace of -2.7% YoY. This was due to the reopening of the economy post MCO.

In February 2020, the Pakatan Harapan government collapsed and was replaced by the Perikatan Nasional government led by Prime Minister Tan Sri Muhyiddin. The political uncertainty was soon replaced by rising Covid-19 infections which resulted in the imposition of the Movement Control Order on 18 March 2020. The KLCI fell to a low of 1,220 on 19 March 2020 before recovering to end the year at 1,627 (up 2.4% YoY). This was the second time in the last 7 years that the KLCI had delivered a positive return. The KLCI's gain was helped by the +119% YoY rise in the healthcare sector in 2020. If the glove sector was excluded, the KLCI would have declined last year.

Up to Dec 2020, the government announced 4 stimulus packages valued at RM 305 bil or approximately 20% of GDP. The direct fiscal injection by the government amounted to approximately RM 55bil. (The government announce a fifth stimulus package under PERMAI on 18 Jan 2021). Among the fiscal measures announced was a 6-month moratorium on banking system loan repayments worth RM 100 billion. Bank Negara Malaysia (BNM) lowered its Overnight Policy Rates (OPR) by a total of 125 bps via 4 separate cuts in 2020 to 1.75%. The loan moratorium and low interest rate environment boosted retail participation in the stock market.

Budget 2020/21 was announced by the Finance Minister on 6 Nov 2020. In the Budget 2020/21, EPF members who suffered pay cuts or job losses would be allowed to withdraw their retirement savings under the i-Sinar facility. This scheme would allow members to withdraw a maximum of RM 10,000 from their EPF Account 1. The Ministry of Finance (MoF) estimated the move would enable approximately 8 mil EPF members to tap their retirement funds. MoF estimated an outflow of RM 45bil to RM 50bil. This was a significant amount of redemption for the EPF to fund.

The Malaysia's technology sector stood out as a beneficiary of the pandemic. A continuation of the trade rivalry with China under President Biden will benefit Malaysia's manufacturing sector in a number of areas. The most noticeable impact is the shift in supply chain particularly for the electronic and electrical sectors i.e. VS Industry secured manufacturing deal with US-Based Victory Innovations to manufacturer cordless electrostatic sprayers on a box-build assembly. Anecdotally, this has resulted in Malaysia recording its largest monthly trade surplus in June (RM 20.9 bil) and September (RM 22.0 bil). This was due to strong exports to USA and China particularly for electrical and electronics products.

The third quarter (Sep-20) reporting season saw a higher number of companies beating consensus expectations. The local OSAT (outsourced semiconductor assembly and test) players such as Unisem, MPI and Inari reported above expectation results. Based on our company visits, Malaysia's OSAT players are seeing better visibility in 2021 with healthy utilization rates and price increases due to robust client demand.

Global news was very supportive for equities in the tail end of 2020. The Electoral College confirmed Joe Biden as the 46th US President. Additionally, markets received a further boost when Pfizer-BioNtech, Moderna and Astra Zeneca announced vaccine discoveries which were effective in Covid-19 prevention. Investors buying interest globally rotated from momentum stocks into "cyclical and recovery plays". The Dow Jones Industrial Average rallied above 30,000 points for the first time on 24.11.2020.

## **MARKET OUTLOOK**

Consensus 2020 market eps estimate moved up from RM 72.2 in early Sep-20 to RM 95.2 in Dec-20. At 1,627 @ 31.12.20, the market is trading at a PER of 17.1x for CY20. The market's valuation for 2020 is above its 12M mean PER of ~16x. Market EPS estimates for 2021 was revised up from 98.25 in 4Q 2020 to 113.6 @ 27.01.2021. The upward revision in EPS was due to upgrade earnings for Banks, Plantation and Gloves in Dec 2020. At this point in writing, Malaysia is trading at a 13.7% discount to Asia ex-Japan's 2020 PE multiple. This discount is at its widest level in the last 5 years.

We did not have any exposure to the glove makers in 2020 which affected the performance of our funds in 1H of 2020. However, we had a significant overweight position in the technology sector which lifted the performance of our funds in 2H of 2020. We believe the fundamentals for the sector remain intact and the drivers have yet to fully play out.

Our research shows that Malaysia has been a market with ample bottom-up, stock-picking opportunities. Local investors have been generally cautious due to the pandemic, political uncertainty and lack of earnings drivers. With the KLCI trading below its high of 1,888 reached in Apr-18, market valuations have become more reasonable. As always, our discipline is to focus on companies which in our view have identifiable catalysts which will drive a re-rating of their share prices.

## **SOFT COMMISSION**

The Manager will retain soft commissions received from stockbrokers, provided they are of demonstrable benefit to the Unit Holders. The soft commissions may take form of goods and services such as data and quotation services, computer software and investment related publications which are incidental to the management of the Fund. Rebates, if any, will be directed to the account of the Fund.

During the period under review, the Manager received data and quotation services and investment related publications which are incidental to the Fund investment.



#### **4. TRUSTEE’S REPORT TO THE UNITHOLDERS OF APEX MALAYSIA GROWTH TRUST**

##### **Trustee’s Report For Financial Year Ended 31 December 2020**

We have acted as Trustee for APEX MALAYSIA GROWTH TRUST (“the Fund”) for the financial year ended 31 December 2020. To the best of our knowledge, APEX INVESTMENT SERVICES BERHAD (“the Manager”) has managed the Fund in the financial year under review in accordance with the following:

1. limitations imposed on the investment powers of the Manager under the deeds, securities laws and Guidelines on Unit Trust Funds;
2. valuation or pricing of the Fund is carried out in accordance with the deeds and relevant regulatory requirement; and
3. creation and cancellation of units of the Fund are carried out in accordance with the deeds and relevant regulatory requirement.

An income distribution of 2.00 sen per unit (gross) has been declared to the unitholders of the Fund for the financial year ended 31 December 2020.

We are of the view that the distribution is consistent with the objectives and distribution policy of the Fund.

For **Maybank Trustees Berhad**  
[Co. No.: 196301000109 (5004-P)]

**BERNICE K M LAU**  
Head, Operations  
22 February 2021

## **5. INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF APEX MALAYSIA GROWTH TRUST**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the financial statements of **Apex Malaysia Growth Trust** ("the Fund"), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other 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 a summary of significant accounting policies, as set out on pages 13 to 41.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2020 and of its financial performance, changes in net asset value and cash flows of the Fund for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### **Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Ethics Standards Board for Accountants' *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 is responsible for the other information. The other information comprises the information included in the annual report, 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.

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.

## **5. INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF APEX MALAYSIA GROWTH TRUST(CONT'D)**

### **Responsibilities of the Manager and Trustee for the Financial Statements**

The Manager of the Fund is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager of the Fund is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements 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 intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

## **5. INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF APEX MALAYSIA GROWTH TRUST(CONT'D)**

### **Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

### **OTHER MATTERS**

This report is made solely to the unitholders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Kuala Lumpur

22 February 2021

**Ooi Song Wan**  
02901/10/2022 J  
Chartered Accountant

## 6. STATEMENT BY MANAGER

We, Clement Chew Kuan Hock and Y.M. Dato' Tunku Ahmad Zahir Bin Tunku Ibrahim, being two of the directors of Apex Investment Services Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements of Apex Malaysia Growth Trust are drawn up in accordance with the Deed, Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission Malaysia's Guidelines on Unit Trust Funds so as to give a true and fair view of the financial position of Apex Malaysia Growth Trust as at 31 December 2020 and of its financial performance and cash flows for the financial year ended on that date.

For and on behalf of the Manager,  
**Apex Investment Services Berhad**

**CLEMENT CHEW KUAN HOCK**  
Director

**Y.M. DATO' TUNKU AHMAD ZAHIR  
BIN TUNKU IBRAHIM**  
Director

Kuala Lumpur, Malaysia  
22 February 2021

## 6.1 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2020 (audited)

	Note	2020 RM	2019 RM
<b>INVESTMENT INCOME</b>			
Gross dividend income		73,734	79,169
Interest income from deposits placed with financial institutions		-	2,697
Realised loss on sale of investments		(188,766)	(75,001)
Unrealised gain on financial assets at fair value through profit and loss ("FVPL")		617,196	263,051
Other income		6,984	5,480
		<u>509,148</u>	<u>275,396</u>
<b>LESS: EXPENSES</b>			
Management's fee	4	40,937	36,476
Trustee's fee	5	1,365	1,216
Auditors' remuneration		6,500	7,000
Tax agent's fee:			
- current financial year		2,250	2,000
- underprovision in the previous financial year		250	-
Administrative expenses		2,872	2,620
Transaction costs		14,741	4,180
		<u>68,915</u>	<u>53,492</u>
<b>(LOSSES)/GAIN ON FOREIGN EXCHANGE:</b>			
Realised		(5,417)	(1,058)
Unrealised		7	(7)
		<u>434,823</u>	<u>220,839</u>
<b>NET INCOME BEFORE TAXATION</b>			
		434,823	220,839
<b>INCOME TAX EXPENSE</b>			
	6	(202)	(761)
		<u>434,621</u>	<u>220,078</u>
<b>NET INCOME AFTER TAXATION FOR THE FINANCIAL YEAR</b>			
		434,621	220,078
<b>OTHER COMPREHENSIVE INCOME</b>			
		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>			
		<u>434,621</u>	<u>220,078</u>
Total comprehensive income/(expense) for the financial year is made up as follows:			
- realised		(182,582)	(42,973)
- unrealised		617,203	263,051
		<u>434,621</u>	<u>220,078</u>

The annexed notes form an integral part of these financial statements.

## 6.1 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

For the Financial Year Ended 31 December 2020 (audited)

	Note	2020 RM	2019 RM
DISTRIBUTION FOR THE FINANCIAL YEAR	7		
Net distribution		<u>237,471</u>	<u>201,286</u>
Net distribution per unit		<u>0.019</u>	<u>0.019</u>
Gross distribution per unit		<u>0.020</u>	<u>0.020</u>

The annexed notes form an integral part of these financial statements.

*Apex Malaysia Growth Trust*

## 6.2 STATEMENT OF FINANCIAL POSITION

At 31 December 2020 (audited)

	Note	2020 RM	2019 RM
<b>ASSETS</b>			
<b>INVESTMENTS</b>			
Quoted investments	8	3,610,285	2,131,692
<b>OTHER ASSETS</b>			
Sundry receivables		584	5,068
Cash at bank		265,928	221,953
		<u>266,512</u>	<u>227,021</u>
<b>TOTAL ASSETS</b>		<u><b>3,876,797</b></u>	<u><b>2,358,713</b></u>
<b>NET ASSET VALUE ("NAV") AND LIABILITY</b>			
<b>NAV</b>			
Unitholders' capital		800,368	(519,660)
Retained earnings		3,056,908	2,859,758
		<u>3,857,276</u>	<u>2,340,098</u>
<b>TOTAL NAV</b>	9	<u><b>3,857,276</b></u>	<u><b>2,340,098</b></u>
<b>LIABILITIES</b>			
Accruals		14,833	15,441
Amount owing to Manager		4,537	3,072
Amount owing to Trustee		151	102
		<u>19,521</u>	<u>18,615</u>
<b>TOTAL LIABILITY</b>		<u><b>19,521</b></u>	<u><b>18,615</b></u>
<b>TOTAL NAV AND LIABILITY</b>		<u><b>3,876,797</b></u>	<u><b>2,358,713</b></u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9.1	<u><b>17,753,243</b></u>	<u><b>10,875,808</b></u>
<b>NAV PER UNIT (RM)</b>		<u><b>0.2173</b></u>	<u><b>0.2152</b></u>

The annexed notes form an integral part of these financial statements.



### 6.3 STATEMENT OF CHANGES IN NET ASSET VALUE

For the Financial Year Ended 31 December 2020 (audited)

	Note	Unitholders' Capital RM	Retained Earnings RM	Total NAV RM
At 1 January 2019		(545,826)	2,840,966	2,295,140
Net income after taxation/Total comprehensive income for the financial year		-	220,078	220,078
Contribution by and distributions to the unitholders of the Fund:				
- creation of units	9.1	201,286	-	201,286
- cancellation of units	9.1	(175,120)	-	(175,120)
- distribution for the financial year	7	-	(201,286)	(201,286)
Total transactions with unitholders of the Fund		26,166	(201,286)	(175,120)
At 31 December 2019/1 January 2020		(519,660)	2,859,758	2,340,098
Net income after taxation/Total comprehensive income for the financial year		-	434,621	434,621
Contribution by and distributions to the unitholders of the Fund:				
- creation of units	9.1	1,527,620	-	1,527,620
- cancellation of units	9.1	(207,592)	-	(207,592)
- distribution for the financial year	7	-	(237,471)	(237,471)
Total transactions with unitholders of the Fund		1,320,028	(237,471)	1,082,557
Balance at 31 December 2020		800,368	3,056,908	3,857,276

The annexed notes form an integral part of these financial statements.

## 6.4 STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2020 (audited)

	Note	2020 RM	2019 RM
<b>CASH FLOWS FOR OPERATING AND INVESTING ACTIVITIES</b>			
Proceeds from sale of investments		1,862,841	790,782
Purchase of investments		(2,914,993)	(884,219)
Dividend income received		78,016	75,310
Interest income received		6,984	8,242
Management fee paid		(39,472)	(36,365)
Trustee's fee paid		(1,316)	(1,213)
Payment for other fees and expenses		(30,642)	(16,678)
<b>NET CASH FOR OPERATING AND INVESTING ACTIVITIES</b>		<b>(1,038,582)</b>	<b>(64,141)</b>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>			
Proceeds from units created		1,527,620	201,286
Payment for cancelled units		(207,592)	(175,120)
Net distribution paid		(237,471)	(201,286)
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>		<b>1,082,557</b>	<b>(175,120)</b>
<b>NET INCREASE/(DECREASE) IN CASH AT BANK</b>		<b>43,975</b>	<b>(239,261)</b>
<b>CASH AT BANK AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>221,953</b>	<b>461,214</b>
<b>CASH AT BANK AT END OF THE FINANCIAL YEAR</b>		<b>265,928</b>	<b>221,953</b>

The annexed notes form an integral part of these financial statements.

## 6.5 NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020 (audited)

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

Apex Malaysia Growth Trust (“the Fund”) was constituted pursuant to the execution of a Deed dated 28 July 1997, Supplemental Deed dated 6 July 1999, Second Supplemental Deed dated 10 March 2005, Third Supplemental Deed dated 20 August 2013 and Fourth Supplemental Deed dated 3 August 2015, between the Manager, Apex Investment Services Berhad, the Trustee, AmTrustee Berhad and the registered Unitholders of the Fund. Fifth Supplemental Deed dated 15 April 2016 was executed for the change of Trustee from AmTrustee Berhad to Maybank Trustees Berhad.

The principal activity of the Fund is to invest in “Permitted Investments” as defined in the Seventh Schedule of the Deed. The Fund commenced operations on 6 August 1997 (date of inception) and will continue its operations until its termination by the Trustee or the Manager as provided under Clauses 7.1, 7.2 and 7.5 of the Deeds.

The investment objective of the Fund is to provide maximum capital growth over the medium to longer-term through a diversified portfolio of principally Malaysian equity securities.

The Manager, Apex Investment Services Berhad, is a company incorporated in Malaysia. The principal activity of the Manager is the management of unit trust funds.

The financial statements were approved by the Board of Directors of the Manager on 22 February 2021.

### 2. BASIS OF PREPARATION

The financial statements of the Fund are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards (“IFRSs”).

2.1 During the current financial year, the Fund has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

#### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 16: COVID-19-Related Rent Concessions

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Fund’s financial statements.

## 2. BASIS OF PREPARATION (CONT'D)

2.2 The Fund has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Fund upon their initial application.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

#### *Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made 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 other than as disclosed below:-

#### **Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Fund recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax provisions in the year in which such determination is made.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### *Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Fund's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

#### 3.2 FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of the Fund is the currency of the primary economic environment in which the Fund operates.

The financial statements of the Fund are presented in Ringgit Malaysia ("RM") which is the functional and presentation currency of the Fund.

#### 3.3 INCOME RECOGNITION

##### **(a) Dividend Income**

Dividend income from investments is recognised when the right to receive dividend payment is established.

##### **(b) Realised Gains or Losses on Sale of Investments**

Realised gain or loss on the sale of an investment is recognised when the sale is contracted, based on the sale proceeds less cost which is determined on the weighted average cost basis.

##### **(c) Interest Income**

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rates applicable.

#### 3.4 INCOME TAXES

##### **(a) Current Tax**

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and 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 changes in NAV).

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.4 INCOME TAXES

##### (b) Deferred Tax

Deferred tax is recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in changes in NAV.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

#### 3.5 FINANCIAL INSTRUMENTS

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Profit, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Fund has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either their amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

##### *Debt Instruments*

###### (i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

###### (ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

###### (iii) Fair Value through Profit or Loss (FVPL)

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Fund reclassifies debt instruments when and only when its business model for managing those assets change.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (a) Financial Assets (Cont'd)

###### *Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Fund has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Fund's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

##### (b) Financial Liabilities

###### (i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

###### (ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

##### (c) Equity instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

###### (i) Unitholders' Capital

Unitholders' capital are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (c) Equity instruments

###### (i) Unitholders' Capital (Cont'd)

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

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

###### (ii) NAV Attributable to Unitholders

NAV attributable to unitholders represents the total NAV in the statement of financial position, which is carried at the redemption amount that would be payable at the end of the reporting period if the unitholders exercised the right to redeem units of the Fund.

Units are created or cancelled at prices based on the Fund's NAV per unit at the time of the creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to the unitholders with the total issued and paid-up units as of that date.

###### (iii) Distributions

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a reduction from realised reserves. A proposed distribution is recognised as a liability in the period in which it is approved.

##### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.6 IMPAIRMENT OF FINANCIAL ASSETS

The Fund recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets, as well as financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Fund in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Fund always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience and are adjusted for looking-forward information (including time value of money where appropriate).

For all other financial instruments, the Fund recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Fund recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

#### 3.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

#### 3.8 CLASSIFICATION OF REALISED AND UNREALISED GAINS AND LOSSES

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the reporting period.

Realised gains and losses on disposal of financial instruments classified as part of at fair value through profit or loss are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **3.9 OPERATING SEGMENTS**

An operating segment is a component of the Fund that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Fund's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

#### **3.10 FAIR VALUE MEASUREMENTS**

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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

### **4. MANAGEMENT'S FEE**

Clauses 6.1, 6.2 and 6.3 of the Deed provide that the Manager is entitled to a management fee computed daily on the net asset value attributable to unitholders of the Fund at a maximum rate of 2% (2019 - 2%) per annum. The management fee recognised in the financial statements is computed based on 1.50% (2019 - 1.50%) per annum for the financial year.

## 5. TRUSTEE'S FEE

Trustee is entitled to a fee at such rate as may be agreed from time to time between the Manager and the Trustee. The Trustee's fee recognised in the financial statements is computed daily at 0.05% (2019 - 0.05%) per annum of the net asset value attributable to unitholders of the Fund.

## 6. INCOME TAX EXPENSE

	<b>2020</b> RM	<b>2019</b> RM
Current tax expense for the financial year	202	761

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

	<b>2020</b> RM	<b>2019</b> RM
Net income before taxation	434,823	220,839
Tax at the statutory tax rate of 24% (2019 - 24%)	104,358	53,001
Tax effects of:-		
Non-taxable income	(19,372)	(20,963)
Net non-taxable gains on investments	(101,525)	(44,876)
Non-deductible expenses	16,741	13,599
Income tax expense for the financial year	202	761

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019 - 24%) of the estimated assessable profit for the financial year.

## 7. DISTRIBUTION FOR THE FINANCIAL YEAR

Distribution to unitholders during the financial year is from the following sources:-

	<b>2020</b> RM	<b>2019</b> RM
<b>Taxable income</b>		
Gross dividends	7,255	7,276
<b>Non-taxable income</b>		
Tax-exempt dividends	99,229	75,749
Interest income from deposits	36,742	30,290
Disbursement from REITS	10,649	7,971
Realised gain on sale of equity securities:		
- current financial year	(1,287)	4,398
- previous financial year	87,921	80,566
	86,634	84,964
Other income	7,775	5,921
Gross distribution amount	248,284	212,171
Less:-		
Expenses	9,072	9,139
Taxation	1,741	1,746
Net distribution amount	237,471	201,286
Units in circulation	12,414,189	10,608,585
Gross distribution per unit ("RM")	0.020	0.020
Net distribution per unit ("RM")	0.019	0.019
Reinvestment/Entitlement date	14 March 2020	16 March 2019
Payment date	27 March 2020	29 March 2019

## 8. QUOTED INVESTMENTS

		<b>2020</b> RM	<b>2019</b> RM
Quoted equity investments, at fair value:			
- in Malaysia	8.1	3,291,588	1,751,569
- outside Malaysia	8.2	-	106,669
		3,291,588	1,858,238
Quoted non-equity investments held in Malaysia, at fair value	8.3	318,697	273,454
		3,610,285	2,131,692

## 8. QUOTED INVESTMENTS (CONT'D)

At 31 December 2020	Number of Shares	At Cost RM	At Fair Value RM	Percentage of NAV of The Fund %
<b>8.1 QUOTED EQUITY INVESTMENTS IN MALAYSIA</b>				
<b><u>Bursa Malaysia Securities</u></b>				
<b><u>Main Market</u></b>				
<b>CONSUMER PRODUCTS &amp; SERVICES</b>				
Genting Malaysia Berhad	94,600	237,335	254,474	6.60
Hong Leong Industries Berhad	11,500	108,736	102,235	2.65
Padini Holdings Berhad	25,900	74,972	74,592	1.93
		421,043	431,301	11.18
<b>ENERGY</b>				
Dialog Group Berhad	81,200	218,175	280,140	7.26
<b>FINANCIAL SERVICES</b>				
ELK-Desa Resources Berhad	114,800	146,112	166,460	4.32
Hong Leong Financial Group Berhad	9,700	164,943	175,182	4.54
Public Bank Berhad	8,700	154,987	179,220	4.65
		466,042	520,862	13.51
<b>INDUSTRIAL PRODUCTS AND SERVICES</b>				
Dufu Technology Corp. Berhad	57,200	195,410	186,472	4.84
Malayan Cement Berhad	41,400	102,491	103,500	2.68
SKP Resources Berhad	101,600	125,793	218,440	5.66
		423,694	508,412	13.18
<b>TECHNOLOGY</b>				
Inari Amertron Berhad	29,200	66,679	80,592	2.09
KESM Industries Berhad	19,600	192,165	266,168	6.90
MI Technovation Berhad	29,800	123,632	117,412	3.05
Malaysian Pacific Industries Berhad	11,000	173,506	285,560	7.40
Pentamaster Corporation Berhad	17,250	51,147	87,112	2.26
Unisem (M) Berhad	54,200	196,352	334,956	8.68
		803,481	1,171,800	30.38
<b>TRANSPORT &amp; LOGISTIC</b>				
Malaysia Airports Holdings Berhad	38,000	200,463	224,960	5.83

## 8. QUOTED INVESTMENTS (CONT'D)

<b>At 31 December 2020 (Cont'd)</b>				
	Number of Shares	At Cost RM	At Fair Value RM	Percentage of NAV of The Fund %
<b>8.1 QUOTED EQUITY INVESTMENTS IN MALAYSIA (CONT'D)</b>				
<b><u>Bursa Malaysia Securities</u></b>				
<b><u>Main Market</u></b>				
<b>UTILITIES</b>				
Taliworks Corporation Berhad	184,566	135,719	154,113	4.00
TOTAL QUOTED EQUITY INVESTMENTS IN MALAYSIA		2,668,617	3,291,588	85.34
<b>8.3 QUOTED NON-EQUITY INVESTMENTS IN MALAYSIA</b>				
<b>REITs</b>				
YTL Hospitality REIT	195,100	171,293	177,541	4.60
<b>TSR Loans</b>				
Hume Industries Bhd - LA	78,420	80,228	141,156	3.66
TOTAL QUOTED NON-EQUITY INVESTMENTS IN MALAYSIA		251,521	318,697	8.26
<b>TOTAL QUOTED INVESTMENTS</b>		<b>2,920,138</b>	<b>3,610,285</b>	<b>93.60</b>

## 8. QUOTED INVESTMENTS (CONT'D)

At 31 December 2019	Number of Shares	At Cost RM	At Fair Value RM	Percentage of NAV of The Fund %
<b>8.1 QUOTED EQUITY INVESTMENTS IN MALAYSIA</b>				
<b><u>Bursa Malaysia Securities</u></b>				
<b><u>Main Market</u></b>				
<b>CONSUMER PRODUCTS &amp; SERVICES</b>				
British American Tobacco (M) Berhad	1,300	48,790	19,604	0.84
Fraser & Neave Holdings Bhd	1,700	49,722	59,228	2.53
Genting Malaysia Berhad	27,500	137,980	90,475	3.87
Hong Leong Industries Berhad	11,500	108,736	119,830	5.12
Panasonic Manufacturing Malaysia Berhad	3,000	113,382	111,000	4.74
Spritzer Bhd	18,000	38,555	40,500	1.73
Three-A Resources Berhad	177,750	166,121	130,646	5.58
		663,286	571,283	24.41
<b>ENERGY</b>				
Dialog Group Berhad	50,800	108,256	175,260	7.49
<b>FINANCIAL SERVICES</b>				
ELK-Desa Resources Berhad	96,800	121,332	159,720	6.83
Hong Leong Financial Group Berhad	3,500	59,477	59,150	2.53
Malayan Banking Berhad	10,249	90,682	88,552	3.78
		271,491	307,422	13.14
<b>HEALTH CARE</b>				
Apex Healthcare Berhad	33,000	64,684	73,920	3.16
Y.S.P. Southeast Asia Holding Berhad	24,000	78,259	55,920	2.39
		142,943	129,840	5.55
<b>INDUSTRIAL PRODUCTS AND SERVICES</b>				
SKP Resources Berhad	84,600	120,739	115,056	4.92
SLP Resources Berhad	82,000	99,837	95,120	4.06
		220,576	210,176	8.98
<b>TECHNOLOGY</b>				
KESM Industries Berhad	10,900	107,605	97,882	4.18
Malaysian Pacific Industries Berhad	14,800	142,857	169,312	7.24
		250,462	267,194	11.42



## 8. QUOTED INVESTMENTS (CONT'D)

<b>At 31 December 2019 (Cont'd)</b>				
	Number of Shares	At Cost RM	At Fair Value RM	Percentage of NAV of The Fund %
<b>8.1 QUOTED EQUITY INVESTMENTS IN MALAYSIA (CONT'D)</b>				
<b><u>Bursa Malaysia Securities</u></b>				
<b><u>Main Market</u></b>				
<b>UTILITIES</b>				
Taliworks Corporation Berhad	101,566	61,733	90,394	3.86
TOTAL QUOTED EQUITY INVESTMENTS IN MALAYSIA		1,718,747	1,751,569	74.85
<b>8.2 QUOTED EQUITY INVESTMENTS OUTSIDE MALAYSIA</b>				
<b>IN HONG KONG</b>				
<b>INDUSTRIAL</b>				
Pentamaster International Ltd	108,000	127,737	106,669	4.56
TOTAL QUOTED EQUITY INVESTMENTS OUTSIDE MALAYSIA		127,737	106,669	4.56
<b>8.3 QUOTED NON-EQUITY INVESTMENTS IN MALAYSIA</b>				
<b>REITs</b>				
YTL Hospitality REIT	114,000	132,029	155,040	6.63
<b>TSR Loans</b>				
Hume Industries Bhd - LA	78,420	80,228	118,414	5.06
TOTAL QUOTED NON-EQUITY INVESTMENTS IN MALAYSIA		212,257	273,454	11.69
<b>TOTAL QUOTED INVESTMENTS</b>		<b>2,058,741</b>	<b>2,131,692</b>	<b>91.10</b>

## 9. TOTAL NET ASSET VALUE

	Note	2020 RM	2019 RM
Unitholders' capital	9.1	800,368	(519,660)
Retained earnings:			
- realised reserve	9.2	2,368,075	2,788,128
- unrealised reserve	9.3	688,833	71,630
		3,056,908	2,859,758
		<u>3,857,276</u>	<u>2,340,098</u>

### 9.1 UNITHOLDERS' CAPITAL

	2020		2019	
	No. of units	RM	No. of units	RM
As at beginning of the financial year	10,875,808	(519,660)	10,734,992	(545,826)
Creation of units	7,931,861	1,527,620	947,676	201,286
Cancellation of units	(1,054,426)	(207,592)	(806,860)	(175,120)
As at end of the financial year	<u>17,753,243</u>	<u>800,368</u>	<u>10,875,808</u>	<u>(519,660)</u>

The deficit in unitholders' capital at the end of the previous reporting period was due to cancellation of units at a higher NAV following appreciation in unit price of the Fund compared to the creation of price per unit in prior years.

### 9.2 REALISED RESERVE - DISTRIBUTABLE

	2020 RM	2019 RM
Balance as at beginning of the financial year	2,788,128	3,031,066
Net income for the financial year	434,621	220,078
Net unrealised gains on valuation of quoted investments transferred to unrealised reserve	(617,196)	(263,051)
Unrealised foreign exchange (gain)/losses transferred to unrealised reserve	(7)	7
Realised foreign exchange losses transferred from unrealised reserve during the year	-	1,314
Net decrease in realised reserve for the financial year	(182,582)	(41,652)
Distribution for the financial year	(237,471)	(201,286)
Balance as at end of the financial year	<u>2,368,075</u>	<u>2,788,128</u>

## 9. TOTAL NET ASSET VALUE (CONT'D)

### 9.3 UNREALISED RESERVE - NON-DISTRIBUTABLE

	<b>2020</b> RM	<b>2019</b> RM
Balance as at beginning of the financial year	71,630	(190,100)
Net unrealised gains on valuation of quoted investments transferred from realised reserve	617,196	263,051
Unrealised foreign exchange gain/(losses) transferred from realised reserve	7	(7)
Realised foreign exchange losses transferred to realised reserve during the year	-	(1,314)
Balance as at end of the financial year	<u>688,833</u>	<u>71,630</u>

## 10. MANAGEMENT EXPENSE RATIO ("MER")

	<b>2020</b> %	<b>2019</b> %
MER	<u>1.99</u>	<u>2.03</u>

The management expense ratio includes annual management's fee, annual trustee's fee, auditors' remuneration and other administrative fee and expenses which is calculated as follows:-

$$\text{MER} = \frac{(A+B+C+D+E) \times 100\%}{F}$$

A = Management fee

B = Trustee's fee

C = Auditors' remuneration

D = Tax agent's fee

E = Administrative expenses

F = Average net asset value of the Fund calculated on daily basis

The average net asset value of the Fund for the financial year is RM2,722,713 (2019 - RM2,432,515).

## 11. PORTFOLIO TURNOVER RATIO (“PTR”)

	2020	2019
PTR (Times)	0.88	0.34

The portfolio turnover ratio is derived from the following calculation:

$$\text{PTR} = \frac{(\text{Total acquisitions for the financial year} + \text{total disposals for the financial year}) \div 2}{\text{Average NAV of the Fund for the financial year calculated on daily basis}}$$

Where,

total acquisitions for the financial year	= RM2,914,993 (2019 - RM860,414)
total disposals for the financial year	= RM1,862,841 (2019 - RM790,782)

## 12. OPERATING SEGMENTS

In accordance with the asset allocation guidelines of the Fund, the Fund can have an exposure in equity and equity-related securities which shall not be more than 95% of the Fund’s NAV and not less than 70% of the Fund’s NAV.

The Fund predominantly invested in Malaysia and hence no operating segment information is disclosed.

## 13. UNITS HELD BY THE MANAGER AND DIRECTORS OF THE MANAGER

The units of the Fund held by a director of the Manager at the end of the reporting year are shown as follows:-

	2020		2019	
	Units	RM	Units	RM
Clement Chew Kuan Hock:				
- units held in the Fund at market value	213,693	46,435	-	-

## 14. TRANSACTIONS BY THE FUND WITH BROKERS

The transactions entered into by the Fund by value of trade with brokers during the financial year were as follows:-

### 2020

BROKERS	Value of trade		Brokerage fee	
	RM	%	RM	%
Maybank Investment Bank Berhad	1,841,990	38.53	3,798	39.02
CIMB Investment Bank Berhad	1,513,668	31.66	3,054	31.37
Affin Hwang Investment Bank Berhad	1,425,530	29.81	2,882	29.61
	<u>4,781,188</u>	<u>100.00</u>	<u>9,734</u>	<u>100.00</u>

### 2019

BROKERS	Value of trade		Brokerage fee	
	RM	%	RM	%
Maybank Investment Bank Berhad	534,001	34.08	1,177	43.27
Affin Hwang Investment Bank Berhad	516,297	32.95	843	30.97
CIMB Investment Bank Berhad	359,972	22.97	701	25.76
Others	156,784	10.00	-	-
	<u>1,567,054</u>	<u>100.00</u>	<u>2,721</u>	<u>100.00</u>

## 15. RELATED PARTY DISCLOSURES

### 15.1 IDENTITIES OF RELATED PARTIES

- The Fund has related party relationships with its Manager, Apex Investment Services Berhad and its Trustee, Maybank Trustees Berhad.
- The Fund also had related party relationships with Clement Chew Kuan Hock a shareholder and director of the Manager.

15.2 In addition to the balances detailed elsewhere in the financial statements, the Fund carried out the following transactions with the related parties during the financial year:-

	2020 RM	2019 RM
Apex Investment Services Berhad: - management fee	<u>40,937</u>	<u>36,476</u>
Maybank Trustees Berhad: - trustee fee	<u>1,365</u>	<u>1,216</u>

## 15. RELATED PARTY DISCLOSURES (CONT'D)

15.2 In addition to the balances detailed elsewhere in the financial statements, the Fund carried out the following transactions with the related parties during the financial year (Cont'd):-

	2020		2019	
	Units	RM	Units	RM
Purchase of units in the Fund:				
- Clement Chew Kuan Hock	213,693	46,435	-	-

## 16. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting year are as follows:-

	2020	2019
	RM	RM
United States Dollar	4.0055	4.0932
Hong Kong Dollar	0.5166	0.5254

## 17. FINANCIAL INSTRUMENTS

The Fund's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Fund's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

### 17.1 FINANCIAL RISK MANAGEMENT POLICIES

The policies in respect of the major areas of treasury activity are as follows:-

#### (a) Foreign Currency Risk

The Fund is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is primarily in Hong Kong Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Fund's exposure to foreign currency risk is minimal as the carrying amounts of foreign currency financial instruments at the end of the reporting period is not significant.

#### (b) Interest Rate Risk

The Fund does not have any interest rate bearing at the end of the current reporting period, hence is not exposed to interest rate risk.

## 17. FINANCIAL INSTRUMENTS (CONT'D)

### 17.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Particular Stock Risk

Any major price fluctuations of a particular stock invested by the Fund may adversely or favourably impact the NAV of the Fund. However, due to the diversification nature of the unit trust, the impact would not be as major as investing in one particular stock.

#### Particular Stock Risk Sensitivity

The Manager's best estimate of the effect on the net income for the financial year and other comprehensive income due to a reasonable possible change in equity indices, with all other variables held constant is indicated in the table below:-

	Change in equity price	Effects on Income for the financial year increase/ (decrease) RM	Effects on equity increase/ (decrease) RM
FTSE Bursa Malaysia KLCI			
<b>2020</b>	+ 1%	32,916	32,916
	- 1%	(32,916)	(32,916)
<b>2019</b>	+ 1%	17,516	17,516
	- 1%	(17,516)	(17,516)

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

#### Particular Stock Risk Concentration

The Fund's concentration of equity price risk analysed by the Fund's equity instruments by sector is as follows:-

Investment Sector	2020		2019	
	RM	As a % of NAV	RM	As a % of NAV
Technology	1,171,800	30.38	267,194	11.42
Financial Services	520,862	13.51	307,422	13.14
Industrial Products & Services	508,412	13.18	210,176	8.98
Consumer Products & Services	431,301	11.18	571,283	24.41
Energy	280,140	7.26	175,260	7.49
Transport & Logistic	224,960	5.83	-	-
REITs	177,541	4.60	155,040	6.63
Utilities	154,113	4.00	90,394	3.86
TSR Loans	141,156	3.66	118,414	5.06
Health Care	-	-	129,840	5.55
Industrial	-	-	106,669	4.56
	<b>3,610,285</b>	<b>93.60</b>	<b>2,131,692</b>	<b>91.10</b>

## 17. FINANCIAL INSTRUMENTS (CONT'D)

### 17.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (d) Liquidity Risk and Cash Flow Risks

Liquidity and cash flow risks refer to the ease to convert investments into cash without significantly incurring loss in value. Stocks issued by smaller companies will face a greater chance of liquidity risk as compared to stocks issued by larger companies. When investing in stocks of smaller companies, the historical volume traded would be analysed to minimise the liquidity risk.

#### (e) Fund Manager's Risk

The performance of the Fund is also influenced by the expertise of the Fund Manager. The investment committee will oversee the activities and performance of the Fund Manager. There is also the risk that the Fund Manager does not adhere to the investment mandate of the Fund. The investment committee and the compliance unit hold primary functions to ensure that the Fund's investment strategy and mandate are adhered to. A compliance checklist and investment performance report shall be presented for review during the investment committee meeting.

#### (f) Credit Risk

The Fund's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from amount owing by a stockbroker and sundry receivables.

##### Credit Risk Concentration Profile

The Fund does not have any major concentration of credit risk related to any individual customer or counterparty.

##### Exposure to Credit Risk

As the Fund does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

##### Assessment of Impairment Losses

At each reporting date, the Fund assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

##### *Cash at Bank*

The Fund considers cash at bank has low credit risk. In addition, some of the bank balances are insured by Government agencies. Therefore, the Fund is of the view that the loss allowance is immaterial and hence, it is not provided for.



## 17. FINANCIAL INSTRUMENTS (CONT'D)

### 17.2 CAPITAL RISK MANAGEMENT

The Manager of the Fund manages the capital of the Fund by maintaining an optimal capital structure so as to support its businesses and maximise unitholders value. To achieve this objective, the Manager may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to unitholders or undertake a unit splitting exercise to lower the value per unit of the Fund, thus the units become more affordable to raise more funds.

### 17.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	<b>2020</b> RM	<b>2019</b> RM
<b>Financial Assets</b>		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Quoted investments	3,610,285	2,131,692
<u>Amortised Cost</u>		
Sundry receivables	584	5,068
Cash at bank	265,928	221,953
	<u>3,876,797</u>	<u>2,358,713</u>
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
Accruals	14,833	15,441
Amount owing to Manager	4,537	3,072
Amount owing to Trustee	151	102
	<u>19,521</u>	<u>18,615</u>

### 17.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	<b>2020</b> RM	<b>2019</b> RM
<b>Financial Assets</b>		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Net gain recognised in profit or loss	502,164	267,219
<u>Amortised Cost</u>		
Gains recognised in profit or loss	6,984	8,177

## 17. FINANCIAL INSTRUMENTS (CONT'D)

### 17.5 FAIR VALUE INFORMATION

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The fair value of the following financial asset is included in level 1 of the fair value hierarchy:-

2020	Fair Value of Financial Instruments Carried at Fair Value			Total Fair value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
<u>Financial Asset</u>					
Quoted investments	3,610,285	-	-	3,610,285	3,610,285
<hr/>					
<b>2019</b>					
<u>Financial Asset</u>					
Quoted investments	2,131,692	-	-	2,131,692	2,131,692
<hr/>					

The Fund measures its quoted investments that are classified as financial assets at their fair values, determined at their quoted closing prices at the end of the reporting period. These financial assets belong to level 1 of the fair value hierarchy.

In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial year.

## 18. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the Fund for the financial year ended 31 December 2020. The effect of this has been reflected in the unrealised losses on investments recognised in the financial statements. The continuous effect of the COVID-19 outbreak is expected to impact the overall performance and financial position of the Fund in the future. However, given the unpredictability associated with the COVID-19 outbreak and further contingency measures that may be put in place by the governments and various private corporations, the potential financial impact of the COVID-19 outbreak on the Fund's 2021 financial statements could not be reasonably estimated at this juncture.

## 7. DIRECTORY

<i>Manager</i>	Apex Investment Services Berhad [199701004894 (420390-M)]	
<i>Registered Office</i>	No.47-1, Jalan SS 18/6, 47500 Subang Jaya, Selangor.	
<i>Board of Directors</i>	Clement Chew Kuan Hock	Executive and Non-Independent Director
	Wong Fay Lee	Non-Executive and Non-Independent Director
	Y.M. Dato' Tunku Ahmad Zahir bin Tunku Ibrahim	Non-Executive and Independent Director
	Azran bin Osman Rani	Non-Executive and Independent Director
<i>Investment Committee</i>	Y.M. Dato' Tunku Ahmad Zahir bin Tunku Ibrahim	Independent Member
	Clement Chew Kuan Hock	Non-Independent Member
	Azran bin Osman Rani	Independent Member
	Ng Kee Tiong (MIA 10631) No. 47-1, Jalan SS 18/6 47500 Subang Jaya, Selangor Darul Ehsan	Ng Chin Chin (MAICSA 7042650) No. 47-1, Jalan SS 18/6 47500 Subang Jaya, Selangor Darul Ehsan
<i>Trustee</i>	<b>Maybank Trustees Berhad [196301000109 (5004-P)]</b> 8 <sup>th</sup> Floor, Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur	
<i>Auditor and Reporting Accountant</i>	<b>Crowe Malaysia PLT (201906000005 (LLP0018817-LCA) &amp; AF 1018)</b> Level 16, Tower C Megan Avenue II 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur	
<i>Taxation Advisers</i>	<b>Mazars Taxation Services Sdn Bhd (579747-A)</b> Chartered Accountants Wisma Selangor Dredging 7 <sup>th</sup> Floor, South Block 142A, Jalan Ampang 50450 Kuala Lumpur	

**BUSINESS OFFICE  
APEX INVESTMENT SERVICES BERHAD**

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