



APEX DANA AL-KANZ (ADAK)

INTERIM REPORT

For Six Months Financial Period Ended 31 December 2020 (Unaudited)

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1. FUND INFORMATION

NAME OF FUND	Apex Dana Al-Kanz (ADAK)																																							
TYPE OF FUND	Income																																							
CATEGORY OF FUND	Money Market																																							
INVESTMENT OBJECTIVE	To seek capital preservation, high level of liquidity and reasonable returns by investing in low risk Shariah-complaint instruments.																																							
PERFORMANCE BENCHMARK	<p>❖ Malayan Banking Berhad Islamic Savings Rate</p> <p>(Source : Malayan Banking Berhad’s website at http://www.maybank2u.com.my)</p> <p>“The risk profile of the performance benchmark is not the same as the risk profile of the Fund”.</p>																																							
FUND DISTRIBUTION POLICY	<p>Income will distributed on an annual basis and subject to availability of distribution surplus.</p> <p>Generally, in the absence of written instructions from the Unit holders, income for the Fund will be automatically reinvested into additional Units of the Fund at NAV per Unit on income payment date. Unit holders who wish to realise any income can do so by redeeming Units held in the Fund.</p> <p>For reinvestment into additional units, no sales charges will be imposed.</p>																																							
BREAKDOWN OF UNIT HOLDINGS BY SIZE	<p><i>Unit Holdings Statistics as at 31 December 2020</i></p> <table border="1"> <thead> <tr> <th>Size of Unitholding (Units)</th> <th>No. of Unit Holder</th> <th>%</th> <th>Unit Holding</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>5,000 and below</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>5,001 to 10,000</td> <td>12</td> <td>9.16</td> <td>87,120</td> <td>0.10</td> </tr> <tr> <td>10,001 to 50,000</td> <td>43</td> <td>32.83</td> <td>1,155,210</td> <td>1.36</td> </tr> <tr> <td>50,001 to 500,000</td> <td>60</td> <td>45.80</td> <td>8,563,783</td> <td>10.10</td> </tr> <tr> <td>500,001 and above</td> <td>16</td> <td>12.21</td> <td>74,978,199</td> <td>88.44</td> </tr> <tr> <td>Total</td> <td>131</td> <td>100.00</td> <td>84,784,312</td> <td>100.00</td> </tr> </tbody> </table>					Size of Unitholding (Units)	No. of Unit Holder	%	Unit Holding	%	5,000 and below	-	-	-	-	5,001 to 10,000	12	9.16	87,120	0.10	10,001 to 50,000	43	32.83	1,155,210	1.36	50,001 to 500,000	60	45.80	8,563,783	10.10	500,001 and above	16	12.21	74,978,199	88.44	Total	131	100.00	84,784,312	100.00
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UNITS HELD BY THE MANAGER AND DIRECTORS OF THE MANAGER			<i>2020 (Unit)</i>	<i>2019 (Unit)</i>																																				
	Nil																																							
DISCLOSURE ON INCOME DISTRIBUTION	<i>Declaration</i>	<i>Entitlement Date</i>	<i>Ex Date</i>	<i>Reinvest Price</i>	<i>NAV Before</i>	<i>NAV After</i>																																		
	Nil																																							

2. FUND PERFORMANCE

Summary of performance data is as follows:

	31.12.2020 RM	31.12.2019 RM	31.12.2018 RM
Portfolio Composition:			
- Shariah-compliant investments	28.93	64.14	37.56
- Liquid assets and others	71.07	35.86	62.44
Net Assets Value (RM)	30,995,824	63,579,342	52,853,409
Number of Units in Circulation	84,784,312	178,463,992	153,412,169
Net Asset Value per Units (RM)	0.3656	0.3563	0.3445
Highest NAV Price for the period under review (RM)	0.3656	0.3563	0.3445
Lowest NAV Price for the period under review (RM)	0.3615	0.3505	0.3385
Total Return for the period under review (%)			
- Capital growth	2.62	3.41	3.55
- Income distribution	Nil	Nil	Nil
Gross Distribution Per Unit (RM)	Nil	Nil	Nil
Net Distribution Per Unit (RM)	Nil	Nil	Nil
Management Expenses Ratio (MER) (%)	0.13*	0.13	0.13
<i>*there was no significant changes in the MER.</i>			
Portfolio Turnover Ratio (PTR) (times)	0.77*	2.45	2.10
<i>*the PTR for the financial period was lower compared with previous financial period as there were lower investment activities during the financial period under review.</i>			

	Total Return		Average Total Return	
	ADAK	Index	ADAK	Index
1 Year	2.62	1.40	2.62	1.40
3 Year	9.88	4.26	3.30	1.42
5 Year	17.31	7.45	3.47	1.49
Since Inception 18 May 2006	46.23	24.18	3.17	1.66

Annual total return for each of the last five financial year ended	ADAK	Index
30.06.2020	3.17	1.40
30.06.2019	3.52	1.40
30.06.2018	3.44	1.40
30.06.2017	3.19	1.46
30.06.2016	3.45	1.75

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

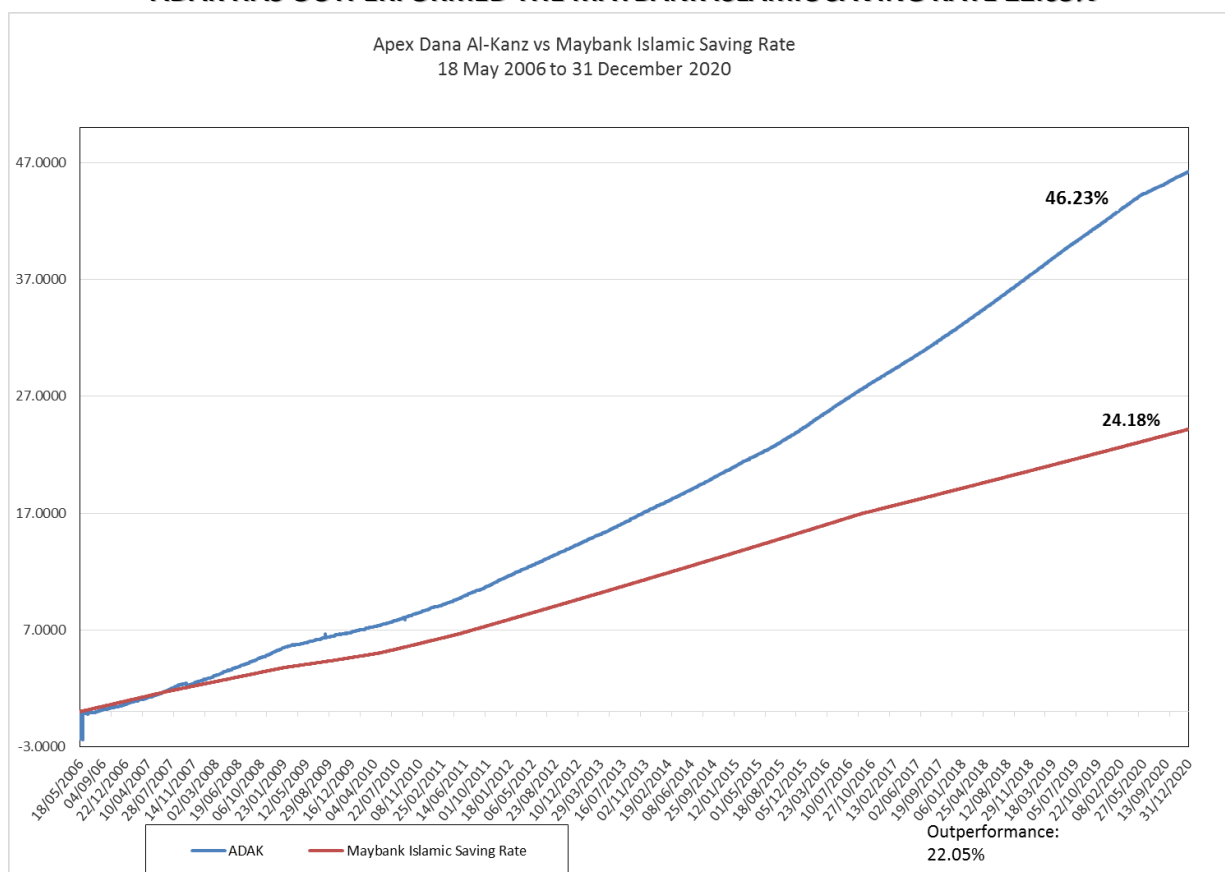
FUND'S OBJECTIVE ACHIEVEMENTS

The Fund has achieved its stated objective to seek capital preservation, high level of liquidity and reasonable returns by investing in low risk Shariah-compliant instruments. For the period ended 31 December 2020, the Fund had achieved a total return of 46.23% since its inception on 18 May 2006. The benchmark return was 24.18% for the same period.

PERFORMANCE ANALYSIS

For the six-month period ended 31 December 2020, the Fund achieved a positive return of 1.14% against the benchmark return of 0.70%, resulting the outperformance against the benchmark of 0.43%. The total NAV of the Fund increased to RM 30,995,824 as at 31 December 2020 from RM 35,303,633 as at 30 Jun 2020. The increase in NAV was mainly due to redemption by unit holders.

PERFORMANCE OF APEX DANA AL-KANZ VS BENCHMARK INDEX SINCE 18 MAY 2006 TO 31 DECEMBER 2020 ADAK HAS OUTPERFORMED THE MAYBANK ISLAMIC SAVING RATE 22.05%

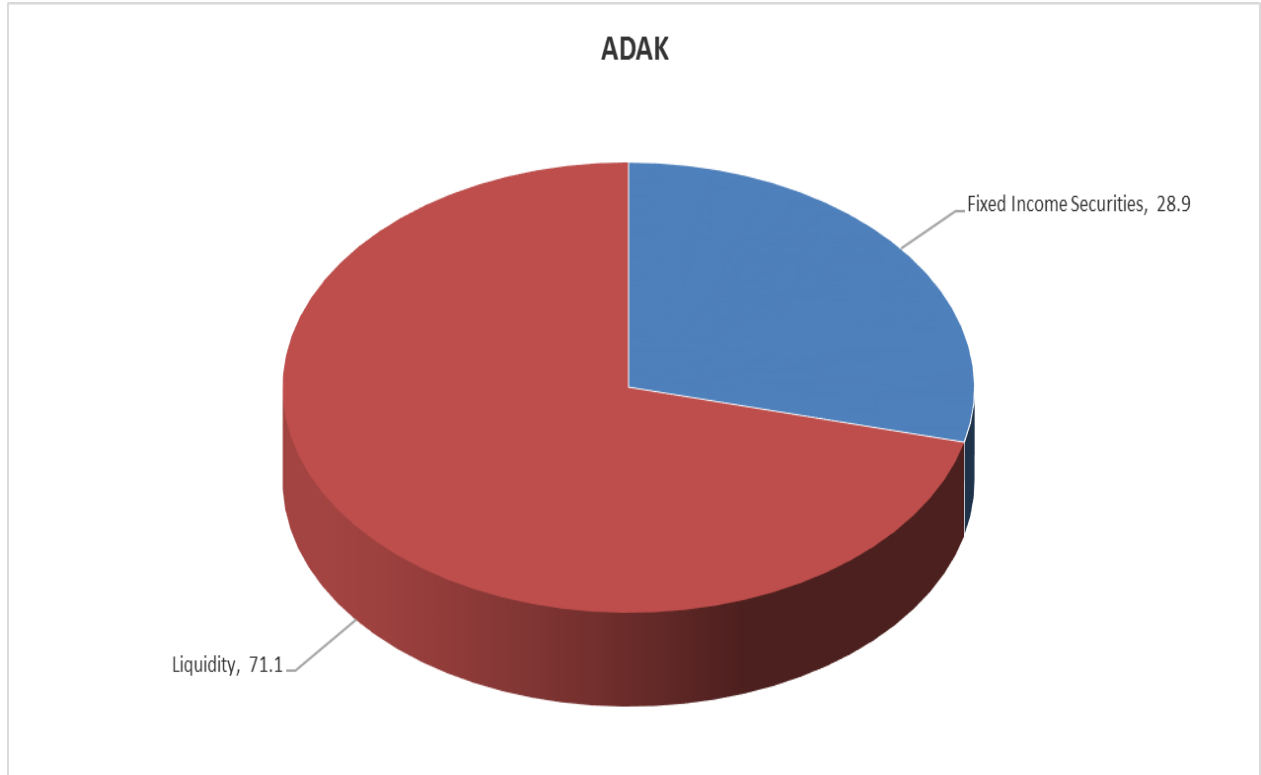


Graph performance independently verified by Novagni Analytics and Advisory Sdn Bhd (363145-W)

STRATEGIES EMPLOYED

The investment strategy was to invest in Shariah compliant money market instruments. The above investment strategy and policy had enabled the Fund to outperform its benchmark.

ASSET ALLOCATION



ASSET ALLOCATION BY SECTOR AS AT 31 DECEMBER 2020

QUOTED SECURITIES	31 DEC 2020	31 DEC 2019
Fixed Income Securities	28.9	64.1
Liquidity	71.1	35.9

MARKET REVIEW

On the final Monetary Policy Committee meeting in November, Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 1.75% after slashing the OPR rate as much as 125bps for the year. BNM's stance was underpinned by expectations of economic activity to improve further. Even so, the decision remained subjected to downside risks as the resurgence of Covid-19 infections further clouds any clarity to current economic outlook. The central bank still have room for potential rate cuts depending on how the latest market indicators fare. Besides that, Fitch Ratings downgraded Malaysia's Long Term Foreign-Currency Issuer Default Rating to 'BBB+' from 'A-', with a stable outlook.

Within the quarter, the foreign holdings of all Ringgit denominated debt securities continued to increase and reached the highest total since November 2016 at MYR223.0 billion. Impressively, the total foreign holdings grew by 4.7% since September. Evidently, the Ringgit bond market remained attractive to offshore investors thus far.

The third quarter registered a much shallower contraction of Gross Domestic Product (GDP) of -2.7% as compared to the sharp plunge of -17.1% in the second quarter. Malaysia is at risk of another round of deeper GDP contraction for 4Q2020 as number of new Covid-19 infections had averaged much higher than it was in 2Q2020.

Malaysia's external trade performance prevailed to be strong as trade surpluses are recorded for the seventh consecutive month in November 2020. Meanwhile, the November's Consumer Price Index remained in contraction, at -1.7% year-on-year, the real interest rate translated to 3.45% during the same period.

On the whole, the Ringgit bond and money market remained resilient despite the resurgence of Covid 19 infections domestically as well as globally. Moving forward, with the passage of the Budget 2021, higher frequency of Malaysian government securities auctions and private placements were scheduled to bolster fiscal spending and boost liquidity. Investors should expect steepening of yield curves amid higher government securities supply. Malaysia is also expecting the first Covid-19 vaccine rollout in the first quarter of 2021.

MARKET OUTLOOK

In our view, the emergency announcement and tighter MCO restrictions in Malaysia would mean a stronger likelihood of an additional interest rate cut in 1Q2021. Prior to this, we had already penned in a rate cut in 1Q2021 in our previous forecast in order to cement a fragile recovery, and on account of the ongoing rise in COVID cases towards the end of last year. Our expectation of a rate cut then, was premised on several growth indicators lagging that of its peers, while Malaysia's PMI index was below 50, indicating a contraction, even as both Global and ASEAN PMI readings had already recovered above 50.

As such, it would be premature to assume that the rate cut cycle is over, and furthermore, central banks continue to have advanced policy tools such as quantitative easing in their arsenal. The fall in growth this time is unique and is not an ordinary cyclical crisis, but one which has a huge human and social cost and therefore, strengthens political will to adopt drastic policy actions. Another reason for the likelihood of an interest rate cut is that Malaysia is still experiencing deflation and capacity excesses are obvious in various sectors of the economy. In fact, deflation has intensified from -1.3% in Jul-2020, to the latest reading of -1.7% in Nov-2020.

Pressures on sovereign debt metrics. Meanwhile, after mid January's fresh movement control order (MCO), our thought is that the more stringent movement control orders could bring down GDP growth rate this year by as much as 0.7%. In addition, to ensure a steadier economic rebound this year, with the added pressure of the latest movement control order, may require a heavier fiscal policy injection, and additional measures to support the people are currently being considered. However, large fiscal expansion may not be feasible seeing the contracting fiscal space relative to the drop in GDP growth. Importantly, a lower GDP growth (i.e. denominator) and higher fiscal deficit means an increasing probability that the 60% debt-to-GDP ratio will be breached and also hamper the achievement of targeted deficit to GDP ratios. Against this backdrop, there is also an increasing risk that Standard and Poor's (S&P) as well as Moody's would match Fitch's recent downgrade to BBB+. However, we believe the incremental bond and money market impact of such a move may have a limited effect, since S&P had already placed Malaysia's A- rating on negative outlook since Jun- 2020. Meanwhile, Moody's rating outlook for Malaysia is A3 stable. Our observations and published studies of prior rating actions suggest that as long as a country remains within the investment grade space, market impact will be limited and temporary, as macro factors such as interest rates and carry trade flows tend to take precedence over mild sovereign rating changes; conversely, market reactions will be material and persistent only if a country crosses through the Investment Grade-High Yield boundary.

The recent rise in global yields particularly US Treasuries, had been partly due to the reflation story, given the rise in commodity prices, in particular oil, and risk-on sentiment given the unexpected win by US Democrats of both the house and senate which paves the way for higher fiscal stimulus. This has led to concerns that the rise in US Treasury yields may then lead to a rise in yields of emerging market bonds. In our opinion, higher commodity prices have the element of boosting cost-pushed inflation, but the other side of the equation, which is demand-pulled inflation, is still weak in Malaysia. Bank Negara Malaysia explained in its last policy statement in Nov- 2020: "Nevertheless, the pace of recovery will be uneven across sectors, with economic activity in some industries remaining below pre-pandemic levels, and a slower improvement in the labour market." This points to the presence of an output gap which will likely remain until economic activities return to normal. Given tighter MCO restrictions and the rising COVID cases, the output gap is likely to remain and keep CPI negative. Therefore, higher global yields and the risk of reflation may not lead to a sharp and sustained rise in local yields in Asia, particularly if we take into account local conditions and an overall deflationary scenario with weak demand.

Monetary policy outlook: OPR statement to remain dovish with good likelihood of a rate cut in 1Q2021. To reiterate, emergency aside, a rate cut in 1Q2021 (either on 20-Jan or 4-Mar) was already within our expectations given the declining growth and deflation data in Malaysia. While the vaccine will be rolled out and boost consumer sentiment, this would take some time given implementation lags and it is difficult to gauge to what extent an improvement in sentiment would materialize fully in actual spending, assuming consumers remain risk averse for some time following the pandemic. Therefore, it would be prudent for BNM to cut the interest rate for both reasons of supporting growth and cementing future growth. Also, BNM left the door open for further rate cuts and other forms of accommodation in its last policy statement in Nov-2020: *"The Bank remains committed to utilise its policy levers as appropriate to create enabling conditions for a sustainable economic recovery."*

The political situation remains fluid but not necessarily less stable. The political and institutional quality of a country carries a heavy weight in the overall assessment of sovereign ratings and investor perceptions. The World Bank governance indicators includes factors such as voice and accountability, control of corruption, regulatory quality, rule of law, absence of violence and terrorism, government effectiveness and political stability. As such, a shifting political landscape which results in a deterioration of a single factor may be diluted by the presence of stability of other factors. For now, the emergency situation means no by elections, no state elections and no elections and that would reinforce political stability for the time being. An independent special committee will be established under an ordinance to advise the King on whether the emergency still remains, to decide on the date (initially scheduled for August) and whether the conditions are appropriate for the emergency to end. In the present scenario, Malaysia has demonstrated effectiveness of being able to enact constitutional emergency powers in an orderly manner without a military coup unlike in other emerging markets. The government has also assured that Malaysia and its capital market is open for business and that the central bank and public administration will continue to function, suggesting that fiscal plans and the policy levers to help counter a downturn through monetary policies will remain intact. Furthermore, in the emergency, there will be no parliamentary sitting and the King will control the executive and legislative arms of government which implies that policies and laws may be enacted more quickly. Meanwhile, the judiciary will continue to function independently.

USDMYR downside postponed. With the unexpected developments surrounding the resurgence in COVID-19 in Malaysia, earlier forecast of a rebound in the economy as well as the MYR has to be reconsidered. While the expectation that USDMYR approach the 4.00 handle had materialized, further downside has to be postponed for now. In the near term, the USDMYR pair is likely to stay in a range around 4.05 bounded by 4.00 on the downside and 4.10 on the upside. As such, we maintain our USDMYR forecast of 4.08 in 1Q2021. The potential for US stimulus boosting demand for commodities is a good argument for the MYR, although headwinds will come in the form of potential for a rate cut or more by BNM, likely weaker growth, and higher UST yields. The path of oil prices is also another variable that has to be closely monitored as while oil prices are currently firm, positioning is overstretched, while OPEC+ members and other oil producers seek to eventually increase production after a year of severe cuts.

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 DANA AL-KANZ

Trustee's Report For Financial Period Ended 31 December 2020

We have acted as Trustee for APEX DANA AL-KANZ ("the Fund") for the financial period ended 31 December 2020. To the best of our knowledge, APEX INVESTMENT SERVICES BERHAD ("the Manager") has managed the Fund in the financial period 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.

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

BERNICE K M LAU
Head, Operations
22 February 2021

5. SHARIAH COMMITTEE'S REPORT

We have acted as the Shariah Committee of **Apex Dana Al-Kanz** ("the Fund") and our responsibility is to ensure that the procedures and processes employed by **Apex Investment Services Berhad**, acting in the capacity as the Manager of the Fund are in accordance with the principles of Shariah and provisions under the Deed dated 28 March 2006 as amended by the first supplemental deed dated 3 August 2015, the second supplemental deed dated 15 April 2016 and the third supplemental deed dated 19 March 2018 in respect of ADAK.

In our opinion, **Apex Investment Services Berhad** has managed and administered the Fund in accordance with the principles of Shariah and complied with applicable guidelines, ruling or decision issued by the Securities Commission ("SC") pertaining to Shariah matters for the financial period ended 31 December 2020.

In addition, we also confirm that the investment portfolio of the Fund only comprises securities which have been classified as Shariah-Compliant by the Shariah Advisory Council ("SAC") of the SC. As for the securities which are not certified by the Shariah Advisory Council of the SC, we have reviewed the said securities and opined that these securities are designated as Shariah-Compliant.

For and on behalf of
SHARIAH COMMITTEE

PROF. MADYA DR. MOHAMAD SABRI BIN HARON
Chairman of Shariah Committee

Kuala Lumpur, Malaysia
Date: 22 February 2021

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 Dana Al-Kanz 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 Dana Al-Kanz as at 31 December 2020 and of its financial performance, changes in net asset value and cash flows for the six months financial period 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 Sixth Months Financial Period Ended 31 December 2020 (Unaudited)

	NOTE	31.12.2020 RM	31.12.2019 RM
INVESTMENT INCOME			
Profit income:			
- Shariah-compliant investments		177,884	583,515
- Shariah-based deposits		168,488	328,588
		<u>346,372</u>	<u>912,103</u>
Realised loss on sale of investments		8,501	-
Other income		1,277	2,587
		<u>357,355</u>	<u>914,690</u>
LESS: EXPENSES			
Management fee	4	28,668	51,884
Trustee's fee	5	7,168	12,971
Auditors' remuneration		*	*
Tax agent's fee		*	*
Administrative expenses		-	375
		<u>37,041</u>	<u>65,230</u>
NET INCOME BEFORE TAXATION		320,314	849,460
INCOME TAX EXPENSE	6	-	-
NET INCOME AFTER TAXATION FOR THE FINANCIAL PERIOD		320,314	849,460
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		320,314	849,460
Total comprehensive income for the financial period is made up as follows:			
- realised		320,314	849,460

* These expenses were absorbed by the Manager.

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

6.2 STATEMENT OF FINANCIAL POSITION

At 31 December 2020 (Unaudited)

	NOTE	31.12.2020 RM	31.12.2019 RM
ASSETS			
INVESTMENTS			
Shariah-compliant investments	7	8,966,338	40,777,764
Shariah-based deposits with licensed financial institutions	8	21,900,683	22,609,423
		<u>30,867,021</u>	<u>63,387,187</u>
OTHER ASSETS			
Sundry receivables		109,929	120,164
Cash at bank		27,251	87,451
		<u>137,180</u>	<u>207,615</u>
TOTAL ASSETS		<u>31,004,201</u>	<u>63,594,802</u>
NET ASSET VALUE (“NAV”) AND LIABILITIES			
NAV			
Unitholders’ capital		22,882,445	56,466,529
Retained earnings		8,113,379	7,112,813
TOTAL NAV	9	<u>30,995,824</u>	<u>63,579,342</u>
LIABILITIES			
Sundry payable and accruals	10	2,633	2,633
Amount owing to Manager		4,595	10,262
Amount owing to Trustee		1,149	2,565
TOTAL LIABILITIES		<u>8,377</u>	<u>15,460</u>
TOTAL NAV AND LIABILITIES		<u>31,004,201</u>	<u>63,594,802</u>
NUMBER OF UNITS IN CIRCULATION	9.1	<u>84,784,312</u>	<u>178,463,992</u>
NAV PER UNIT (RM)		<u>0.3656</u>	<u>0.3563</u>

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

6.3 STATEMENT OF CHANGES IN NET ASSET VALUE

For the Sixth Months Financial Period 31 December 2020 (Unaudited)

	NOTE	Unitholders' capital RM	Retained earnings RM	Total NAV RM
At 1 July 2019		42,530,494	6,263,353	48,793,847
Net income after taxation/Total comprehensive income for the financial period		-	849,460	849,460
Contribution by and distributions to the unitholders of the Fund :				
- creation of units	9.1	31,239,802	-	31,239,802
- cancellation of units	9.1	(17,303,767)	-	(17,303,767)
Total transactions with unitholders of the fund		13,936,035	-	13,936,035
Balance at 31 December 2019		56,466,529	7,112,813	63,579,342
At 1 July 2020		27,510,568	7,793,065	35,303,633
Net income after taxation/Total comprehensive income for the financial period		-	320,314	320,314
Contribution by and distributions to the unitholders of the Fund :				
- creation of units	9.1	15,540,510	-	15,540,510
- cancellation of units	9.1	(20,168,633)	-	(20,168,633)
Total transactions with unitholders of the fund		(4,628,123)	-	(4,628,123)
Balance at 31 December 2020		22,882,445	8,113,379	30,995,824

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

6.4 STATEMENT OF CASH FLOWS

For The Sixth Months Financial Period Ended 31 December 2020 (Unaudited)

	NOTE	31.12.2020 RM	31.12.2019 RM
CASH FLOWS FOR OPERATING AND INVESTING ACTIVITIES			
Proceeds from redemption of investments on maturity		19,915,240	117,469,621
Purchase of investments		(23,884,297)	(131,960,632)
Profit rate income received		261,736	857,277
Management fee paid		(29,617)	(49,021)
Trustee's fee paid		(7,404)	(12,256)
Payment for other fees and expenses		-	(375)
Other income received		1,278	2,587
NET CASH FOR OPERATING AND INVESTING ACTIVITIES		(3,743,064)	(13,692,799)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES			
Proceeds from units created		15,540,510	31,239,802
Payment for cancelled units		(20,976,680)	(17,705,807)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(5,436,170)	13,533,995
NET DECREASE IN CASH AND CASH EQUIVALENTS		(9,179,234)	(158,804)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		31,107,168	22,855,678
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	11	21,927,934	22,696,874

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

6.5 NOTES TO THE FINANCIAL STATEMENTS

For The Six Months Financial Period Ended 31 December 2020 (Unaudited)

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Apex Dana Al-Kanz (“the Fund”) was constituted pursuant to the execution of a Deed dated 28 March 2006 (“the Deed”), between the Manager, Apex Investment Services Berhad, the Trustee, AmTrustee Berhad and the registered unitholders of the Fund. The First Supplemental Deed dated 3 August 2015 entered into between the Manager and AmTrustee was further modified to include a provision relating to goods and services tax. The Second Supplemental Deed dated 15 April 2016 (“the Deed”) between the Apex Investment Services Berhad and the Trustee, Maybank Trustees Berhad modified the appointment date for the change of the trustee from MTrustee Berhad to Maybank Trustees Berhad.

The principal activity of the Fund is to invest in “Permitted Investments” as defined in the Second Schedule of the Deed. The Fund commenced operations on 18 May 2006 (date of inception) and will continue its operations until terminated by the Trustee or the Manager as provided under Clauses 12.1, 12.2 and 12.3 of the Deed.

The investment objective of the Fund is to seek capital preservation, a high level of liquidity and reasonable returns by investing in low risk Shariah-compliant instruments.

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

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”), International Financial Reporting Standards (“IFRSs”).

2.1 During the current financial period, the Fund has adopted the following new accounting standards (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 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 interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the current financial period:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
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 16: COVID-19-Related Rent Concessions	1 June 2020
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 standard(s) and/or interpretation(s) (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 period other than as disclosed below:-

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

Impairment of Receivables

The Fund uses the simplified approach to estimate a lifetime expected credit loss allowance for all receivables. The Fund develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

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 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 financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Profit, dividends, gains and losses relating to a financial instrument classified as a 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

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.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either 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)

3.3 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).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

(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.

The unitholders' contributions to the Fund meet the criteria of puttable instruments classified as equity instruments under 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition (Cont'd)

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.

3.4 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.

3.5 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 INCOME TAXES

Current tax assets and liabilities are 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).

3.7 OPERATING SEGMENTS

An operating segment is a component of the Fund that engages in business activities from which it may earn income and incur expenses, including income 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.

3.8 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.

3.9 INCOME RECOGNITION

Profit Income

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

4. MANAGEMENT FEE

Clause 13.1 of the Deed provides 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 2.0% (1/7/2019 - 31/12/2019 – 2.0%) per annum. The management fee recognised in the financial statements is computed based at 0.2% (1/7/2019 -31/12/2019 – 0.2%) per annum for the financial period.

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% (1/7/2019-31/12/2019- 0.05%) per annum of the net asset value attributable to unitholders of the Fund.

6. INCOME TAX EXPENSE

There is no tax expense as the Fund did not earn any taxable income during the financial period.

7. SHARIAH-COMPLIANT INVESTMENTS

	31.12.2020 RM	31.12.2019 RM
Financial asset at FVPL		
At nominal value:-		
Islamic Bond Papers	5,000,000	-
Islamic Commercial Papers	4,000,000	41,000,000
	<hr/>	<hr/>
At fair value:-		
Islamic Bond Papers	5,011,000	-
Islamic Commercial Papers	3,955,338	40,777,764
	<hr/>	<hr/>

Details of the Shariah-compliant investments, as at 31 December were as follows:-

ISLAMIC BOND PAPERS ("BOND")

31.12.2020

Maturity date	Name of issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Percentage of NAV %
12 July 2021	Aeon Co. (M) Berhad – 3.10% p.a.	AA2	5,000,000	5,011,000	501,295	16.17
			<hr/>	<hr/>	<hr/>	<hr/>
			5,000,000	5,011,000	501,295	16.17

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D)

ISLAMIC COMMERCIAL PAPERS (“ICP”)

31.12.2020

Maturity date	Name of issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Percentage of NAV %
15 February 2021	Titijaya Bhd @ 4.97% p.a.	MARC- 2IS	4,000,000	3,955,338	3,955,338	12.76
			4,000,000	3,955,338	3,955,338	12.76

Details of the Shariah-compliant investments, as at 31 December were as follows (Cont'd)

ISLAMIC COMMERCIAL PAPERS (“ICP”) (Cont'd)

31.12.2019

Maturity date	Name of issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Percentage of NAV %
13 January 2020	Aeon Co. (M) Berhad - ICP @ 3.30% p.a.	P1	11,000,000	10,968,175	10,968,175	17.25
17 January 2020	Aeon Co. (M) Berhad - ICP @ 3.40% p.a.	P1	10,000,000	9,972,055	9,972,055	15.68
31 January 2020	STSSB* @ 3.40%p.a.	MARC- 1IS(CG)	10,000,000	9,971,123	9,971,123	15.68
14 February 2020	Titijaya Land Berhad @ 5.30% p.a.	MARC- 1IS	10,000,000	9,866,411	9,866,411	15.53
			41,000,000	40,777,764	40,777,764	64.14

* Sunway Treasury Sukuk Sdn. Bhd. (“STSSB”)

* Per annum (“p.a.”)

8. SHARIAH-BASED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The Shariah-based deposits earn weighted average effective profit rate of 1.43% (1/7/2019-31.12.2019 – 3.16%) per annum at the end of the reporting period. The maturity periods of the deposits at the end of the reporting period range from 7 to 33 days (1/7/2019-31/12/2019 – 1 to 38 days).

9. TOTAL NET ASSET VALUE

	Note	31.12.2020 RM	31.12.2019 RM
Unitholders' capital	9.1	22,882,445	56,466,529
Retained earnings:			
- realised reserve	9.2	8,113,379	7,112,813
		<u>30,995,824</u>	<u>63,579,342</u>

9.1 UNITHOLDERS' CAPITAL

	31.12.2020		31.12.2019	
	Number of units	RM	Number of Units	RM
As at beginning of the financial period	97,666,705	27,510,568	139,266,420	42,530,494
Creation of units	42,657,097	15,540,510	88,196,751	31,239,802
Cancellation of units	(55,539,490)	(20,168,633)	(48,999,179)	(17,303,767)
As at end of the financial period	<u>84,784,312</u>	<u>22,882,445</u>	<u>178,463,992</u>	<u>56,466,529</u>

9.2 REALISED RESERVE - DISTRIBUTABLE

	31.12.2020 RM	31.12.2019 RM
Balance as at beginning of the financial period	7,793,065	6,263,353
Net income for the financial period	320,314	849,460
Balance as at end of the financial period	<u>8,113,379</u>	<u>7,112,813</u>

9.3 UNREALISED RESERVE – NON-DISTRIBUTABLE

	31.12.2020 RM	31.12.2019 RM
Balance as at beginning of the financial period	-	-
Net unrealized gain on valuation of equity	8,501	-
Balance as at end of the financial period	<u>8,501</u>	<u>-</u>

10. SUNDRY PAYABLES AND ACCRUALS

	31.12.2020 RM	31.12.2019 RM
Accrued expenses	<u>2,633</u>	<u>2,633</u>

11. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:-

	31.12.2020 RM	31.12.2019 RM
Shariah-based deposits with licensed financial institutions (Note 8)	21,900,683	22,609,423
Cash at a licensed bank	27,251	87,451
	<u>21,927,934</u>	<u>22,696,874</u>

12. MANAGEMENT EXPENSE RATIO ("MER")

	31.12.2020 %	31.12.2019 %
MER	<u>0.13</u>	<u>0.13</u>

The management expense ratio includes annual management fee, annual trustee's fee, auditors' remuneration and other administrative fees 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 fees and expense

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

The average net asset value of the Fund for the financial period is RM28,428,324 (1/7/2019-31/12/2019 – RM50,899,961).

13. PORTFOLIO TURNOVER RATIO

	31.12.2020	31.12.2019
PTR ("Times")	<u>0.77</u>	<u>2.45</u>

The portfolio turnover ratio is derived from the following calculation:

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

Where,

total acquisitions for the financial period = RM23,884,297(1/7/2019-31/12/2019 – RM131,960,632)

total redemptions for the financial period = RM19,915,240(1/7/2019-31/12/2019 – RM117,469,621)

14. OPERATING SEGMENTS

The Fund invested predominantly in Shariah-compliant investments and Shariah-based deposits in Malaysia hence no operating segment information is disclosed.

15. UNITS HELD BY THE MANAGER AND DIRECTORS OF THE MANAGER

There were no stocks held by the Manager and directors of the Manager as at 31 December 2020.

16. TRANSACTIONS BY THE FUND WITH BROKERS AND FINANCIAL INSTITUTIONS

Transactions by the Fund with brokers and a financial institution during the financial period are as follows:-

	31.12.2020		31.12.2019	
	Value of trade		Value of trade	
	RM	%	RM	%
Maybank Berhad	29,949,678	68.38	80,766,358	32.38
Kenanga Investment Bank Berhad	13,849,859	31.62	84,974,092	34.07
CIMB Bank Berhad	-	-	51,854,126	20.79
RHB Investment Bank Berhad	-	-	26,928,431	10.79
Amslamic Bank Berhad	-	-	4,907,246	1.97
	<u>43,799,537</u>	<u>100.00</u>	<u>249,430,253</u>	<u>100.00</u>

17. RELATED PARTY DISCLOSURES

17.1 Identities of related parties:-

- (a) The Fund has related party relationships with its Manager, Apex Investment Services Berhad and Trustee, Maybank Trustees Berhad; and
- (b) The Fund also had related party relationships with:-
 - i. MBM Resources Berhad which is a subsidiary of Med-Bumikar Mara Sdn. Bhd., a corporate shareholder of the Manager;
 - ii. Naluri Hidup Sdn. Bhd., a company in which a director of the manager holds the position as a director; and
 - iii. L.T. Wong (Holdings) Sdn. Bhd., a company in which a director or the manager holds the position as a director.

17. RELATED PARTY DISCLOSURES (CONT'D)

17.2 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 period:-

	31.12.2020	31.12.2019
	RM	RM
Apex Investment Services Berhad:		
- Management fee	28,668	51,884
Maybank Trustees Berhad:		
- Trustee fee	7,168	12,971

	31.12.2020		31.12.2019	
	Units	RM	Units	RM
Purchase of units in the Fund by:				
- MBM Resources Berhad	26,037,991	9,500,000	69,089,237	24,500,000
Disposal of units in the Fund by:				
- MBM Resources Berhad	34,422,452	12,500,000	28,297,600	10,000,000
- Med-Bumikar Mara Sdn. Bhd.	10,491,441	3,800,000	-	-
- Naluri Hidup Sdn Bhd	1,921,493	700,961	-	-

17.3 Units of the Fund at market value held by related parties at the end of reporting period are as follows:

	31.12.2020		31.12.2019	
	Units	RM	Units	RM
- MBM Resources Berhad	48,997,003	17,913,304	71,309,787	25,407,677
- Med-Bumikar Mara Sdn. Bhd.	3,347,474	1,223,836	-	-
- Naluri Hidup Sdn Bhd	692,996	253,359	2,352,333	838,136
- L.T. Wong (Holdings) Sdn. Bhd.	5,836,524	2,133,833	5,836,524	2,079,554

18. 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.

18.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Foreign Currency Risk

The Fund does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

(b) Profit Rate Risk

Cash and other fixed income securities are particularly sensitive to movements in profit rates. When profit rate rises, the return on cash and the value of fixed income securities will rise whilst it will be vice versa if there is a fall, thus affecting the NAV of the Fund.

18. FINANCIAL INSTRUMENTS (CONT'D)

18.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Profit Rate Risk (Cont'd)

The Fund's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to profit rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Fund's deposits with a financial institution are usually rolled-over on a daily/monthly basis.

It is the Fund's policy not to enter into interest rate swap arrangements.

Profit Risk Sensitivity

Profit rate risk sensitivity is not presented as a reasonable possible change in profit rates will not have a significant impact on the net income for the financial period.

18. FINANCIAL INSTRUMENTS (CONT'D)

18.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Profit Rate Risk (Cont'd)

Profit Rate Risk Exposure

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

	0-3 months RM	Non-profit rate bearing RM	Total RM	Weighted Average Effective Profit Rate %
31.12.2020				
Financial Assets				
Shariah-compliant investments	8,966,338	-	8,966,338	2.19
Shariah-based deposits with licensed financial institutions	21,900,683	-	21,900,683	1.43
Other assets	-	137,180	137,180	-
	30,867,021	137,180	31,004,201	
Financial Liability				
Other liabilities	-	8,377	8,377	-
Total profit rate sensitivity gap	30,867,021	128,803	30,995,824	
	0-3 months RM	Non-profit rate bearing RM	Total RM	Weighted Average Effective Profit Rate %
31.12.2019				
Financial Assets				
Shariah-compliant investments	40,777,764	-	40,777,764	3.84
Shariah-based deposits with licensed financial institutions	22,609,423	-	22,609,423	3.16
Other assets	-	207,615	207,615	-
	63,387,187	207,615	63,594,802	
Financial Liability				
Other liabilities	-	15,460	15,460	-
Total profit rate sensitivity gap	63,387,187	192,155	63,579,342	

18. FINANCIAL INSTRUMENTS (CONT'D)

18.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Particular Stock Risk

The Fund does not have any quoted investments and hence is not exposed to equity price risk.

(d) Liquidity 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 has no exposure to credit risk, or the risk of counterparties defaulting, other than 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, contract assets 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.

18. FINANCIAL INSTRUMENTS (CONT'D)

18.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(f) Credit Risk (Cont'd)

Receivables

The Fund applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for receivables is summarised below:-

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
31.12.2020				
Current (not past due)	109,929	-	-	109,929
31.12.2019				
Current (not past due)	120,64	-	-	120,164

Deposits with Licensed Financial Institutions and Cash at Bank

The Fund considers the bank and financial institutions have low credit risks. 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.

18. FINANCIAL INSTRUMENTS (CONT'D)

18.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(g) Shariah Specific Risk

The risk that the investments do not conform to the principle of Shariah may result in those investments being not Shariah compliant. Should the situation arise, necessary steps shall be taken to dispose of such investments in accordance with the rules of divestment of non Shariah-compliant investments. If this occurs, the Fund could suffer losses from the disposal and thus, adversely affecting the value of the Fund.

18.2 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.

18.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	31.12.2020	31.12.2019
	RM	RM
Financial Assets		
<u>Mandatorily at FVPL</u>		
Shariah-compliant investments	8,966,338	40,777,764
<u>Amortised Cost</u>		
Shariah-based deposits with financial institutions	21,900,683	22,609,423
Sundry receivables	109,929	120,164
Cash at bank	27,251	87,451
	<u>22,037,863</u>	<u>22,817,038</u>
Financial Liability		
<u>Amortised Cost</u>		
Sundry payables and accruals	2,633	2,633
Amount owing to Manager	4,595	10,262
Amount owing to Trustee	1,149	2,565
	<u>8,377</u>	<u>15,460</u>

18. FINANCIAL INSTRUMENTS (CONT'D)

18.4 GAINS AND LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	31.12.2020 RM	31.12.2019 RM
Financial Assets		
<u>Mandatorily at FVPL</u>		
Net gain recognised in profit or loss	177,884	583,515
	<hr/>	<hr/>
<u>Loans and Receivables Financial Assets</u>		
Gain recognised in profit or loss	168,488	328,588
	<hr/>	<hr/>

18.5 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 2 of the fair value hierarchy:-

	Fair Value Financial Instruments At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
31.12.2020					
Financial Asset					
Shariah-compliant investments	-	8,966,338	-	8,966,338	8,966,338
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31.12.2019					
Financial Asset					
Shariah-compliant investments	-	40,777,764	-	40,777,764	40,777,764
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

19. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the Fund for the financial period ended 31 December 2020. The effect of this has affected the investors sentiments, resulting in substantial cancellation of units during the financial period. 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 quantified at this juncture.

7. DIRECTORY

Manager	Apex Investment Services Berhad [199701004894 (420390-M)]	
Registered Office	No.47-1, Jalan SS 18/6, 47500 Subang Jaya, Selangor.	
Board of Directors	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
Shariah Committee	Prof. Madya Dr. Mohamad Sabri bin Haron	Chairman and Independent Member
	Dr. Ab Halim bin Muhammad	Independent Member
	Mohd Fadhly bin Md. Yusoff	Independent Member
Investment Committee	Y.M. Dato' Tunku Ahmad Zahir bin Tunku Ibrahim	Independent Member
	Clement Chew Kuan Hock	Non-Independent Member
	Azran bin Osman Rani	Independent Member
Secretary	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
Trustee	Maybank Trustees Berhad [196301000109 (5004-P)] 8 th Floor, Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur	
Auditor and Reporting Accountant	Crowe Malaysia PLT (201906000005 (LLP0018817-LCA) & AF 1018) Level 16, Tower C Megan Avenue II 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur	
Taxation Advisers	Mazars Taxation Services Sdn Bhd (579747-A) Chartered Accountants Wisma Selangor Dredging 7 th Floor, South Block 142A, Jalan Ampang 50450 Kuala Lumpur	

**BUSINESS OFFICE
APEX INVESTMENT SERVICES BERHAD**

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