



APEX DANA AL-KANZ (ADAK)

ANNUAL REPORT

For Financial Year Ended 30 June 2021 (Audited)

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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 30 June 2021</i></p> <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>4</td> <td>3.42</td> <td>12,073</td> <td>0.03</td> </tr> <tr> <td>5,001 to 10,000</td> <td>9</td> <td>7.69</td> <td>68,483</td> <td>0.16</td> </tr> <tr> <td>10,001 to 50,000</td> <td>38</td> <td>32.48</td> <td>964,895</td> <td>2.21</td> </tr> <tr> <td>50,001 to 500,000</td> <td>52</td> <td>44.44</td> <td>6,699,724</td> <td>15.39</td> </tr> <tr> <td>500,001 and above</td> <td>14</td> <td>11.97</td> <td>35,788,694</td> <td>82.21</td> </tr> <tr> <td>Total</td> <td>117</td> <td>100.00</td> <td>43,533,869</td> <td>100.00</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	4	3.42	12,073	0.03	5,001 to 10,000	9	7.69	68,483	0.16	10,001 to 50,000	38	32.48	964,895	2.21	50,001 to 500,000	52	44.44	6,699,724	15.39	500,001 and above	14	11.97	35,788,694	82.21	Total	117	100.00	43,533,869	100.00
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UNITS HELD BY THE MANAGER AND DIRECTORS OF THE MANAGER			<i>2021 (Unit)</i>	<i>2020 (Unit)</i>																																				
	Nil																																							
DISCLOSURE ON INCOME DISTRIBUTION	<i>Declaration</i>	<i>Entitlement Date</i>	<i>Ex Date</i>	<i>Reinvest Price</i>	<i>NAV</i>																																			
					<i>Before</i>	<i>After</i>																																		
	Nil																																							

2. FUND PERFORMANCE

Summary of performance data is as follows:

	30.06.2021 RM	30.06.2020 RM	30.06.2019 RM
Portfolio Composition:			
- Shariah-compliant investments	61.69	14.13	53.87
- Liquid assets and others	38.31	85.87	46.13
Net Assets Value (RM)	16,110,551	35,303,633	48,793,847
Number of Units in Circulation	43,533,869	97,666,705	139,266,420
Net Asset Value per Units (RM)	0.3701	0.3615	0.3504
Highest NAV Price for the period under review (RM)	0.3701	0.3615	0.3504
Lowest NAV Price for the period under review (RM)	0.3615	0.3505	0.3385
Total Return for the period under review (%)			
- Capital growth	2.38	3.17	3.52
- 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) (%)	0.25*	0.25	0.25
<i>*there was no significant changes in the MER.</i>			
Portfolio Turnover Ratio (PTR) (times)	1.53*	4.63	3.74
<i>*the PTR for the financial year was lower compared with previous financial year as there were lesser investment activities during the financial year under review.</i>			

	Total Return		Average Total Return	
	ADAK	Index	ADAK	Index
1 Year	2.38	1.40	2.38	1.40
3 Year	9.34	4.26	3.11	1.42
5 Year	16.72	7.27	3.34	1.45
Since Inception 18 May 2006	48.03	25.04	3.17	1.66

Annual total return for each of the last five financial year ended	ADAK	Index
30.06.2021	2.38	1.40
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

Source: Bloomberg

*Notes:

1. Total returns as at 30.06.2021. 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

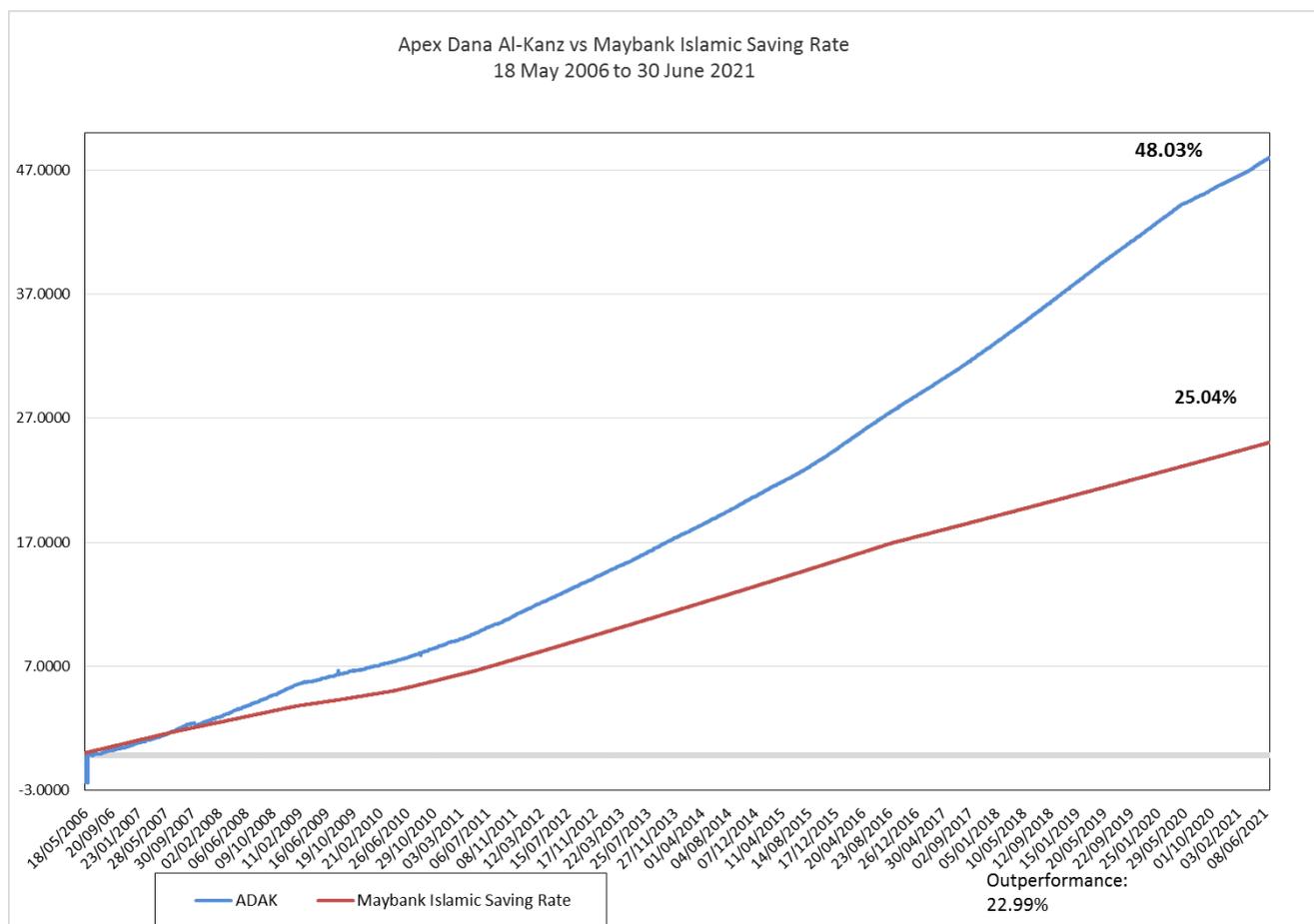
The Fund objective was to seek capital preservation, high level of liquidity and reasonable returns by investing on low risk Shariah-compliant instruments.

For the financial period of review, the Fund had achieved its investment objective. The Fund had provided a total return of 48.03% since its inception as compare to the benchmark return of 25.04%. Hence, the Fund had outperformed the benchmark by 22.99%.

PERFORMANCE ANALYSIS

The benchmark is based on Maybank Islamic Saving rate. For the 1 year period ending 30th June 2021, the Fund had provided a total return of 2.38%. The Fund had outperformed the benchmark total return of 1.40% for the same period by 0.98%. As at 30th June 2021, the Fund NAV had decreased to RM 16,110,551 from RM 35,303,633 as at 30th June 2020. The decrease on NAV mainly due to redemption by unit holders.

**PERFORMANCE OF APEX DANA AL-KANZ VS BENCHMARK INDEX
SINCE 18 MAY 2006 TO 30 JUNE 2021
ADAK HAS OUTPERFORMED THE MAYBANK ISLAMIC SAVING RATE 22.99%**

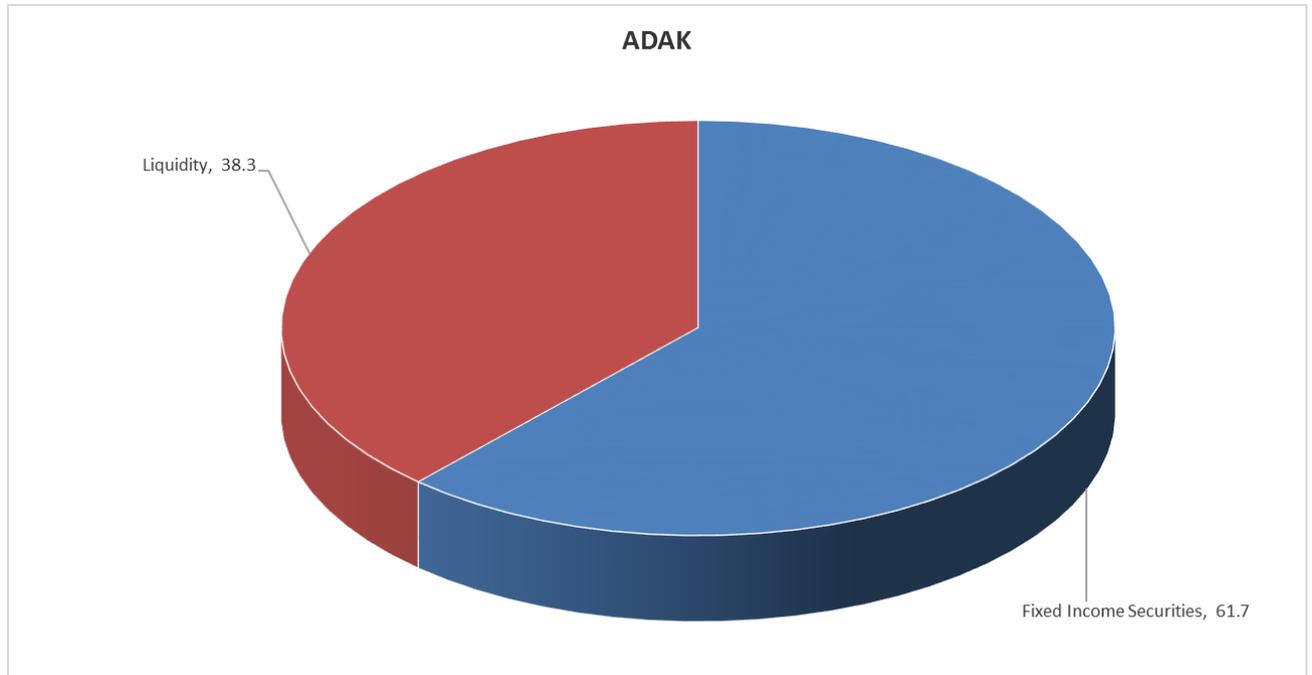


Source: Bloomberg

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 30 JUNE 2021

QUOTED SECURITIES	30 JUNE 2021	30 JUNE 2020
Liquidity	38.3	85.9
Fixed Income Securities	61.7	14.1

MARKET REVIEW

For the first half of 2021, high frequency data suggest that economic activity is closer to MCO 2.0 rather than MCO 1.0 levels. In our view, the government's continued fiscal support, monetary easing, and accelerating Covid-19 vaccination path has been instrumental in moderating the decline in economic activity in late 2Q21 and early 3Q21. We believe the institutional framework to support the aforementioned policy initiatives is commendable given the plethora of risks to the economy and financial markets that MCO 3.0 and NRP has induced.

The counter-factual, as exemplified in some emerging markets in Latin America and Africa, is a situation of weak governance and institutions which has led to policy paralysis and impending downside risks to growth and financial markets. This isn't the case in Malaysia, where we expect 2Q21 GDP growth to accelerate to 16.8% YoY from -0.5% in 1Q21. In 2H21, we expect GDP growth to continue to recover at around 3%. Our 2021 and 2022 GDP growth forecasts are maintained at 5.4% YoY and 5.5%, respectively.

MARKET OUTLOOK

On the fiscal policy front, the recent MYR10 bn direct fiscal injection under the June PEMULIH package is on top of the already 16 bn stimulus so far this year (a total of 1.7% of GDP). These series of policy actions have come at the appropriate time and is supportive of consumer spending and small to medium scale enterprises (SMEs) activities in 2H21 and perhaps into early 2022. In our view, these are examples of sound policy making and a robust institutional framework. The debt-to-GDP ratio could reach the statutory limit of 60% of GDP this year, with the balance of risks tilted to the upside. We believe the funding for current stimulus plans will have to come from either lowering expenditure of other components, or increasing dividend collection from state-owned companies. The development expenditure program of MYR69 bn could be reduced, while the Government may collect more dividends from the better-performing GLCs such as EPF. As a result, the risk of a rating downgrade is less likely in 2021. This is also supported by the recent affirmation by S&P to maintain the country's ratings and outlook.

The Finance Minister (FM) recently suggested that he is proposing to raise the debt ceiling to 65% of GDP, lowering the 2021 GDP growth forecast, and increasing the 2021 fiscal deficit forecast. In our assessment, raising the debt ceiling to 65% from 60% of GDP and raising the fiscal deficit target to around 7% from 6% of GDP is unlikely to lead to a sovereign rating downgrade by Moody's or S&P in 2021. These magnitudes of adjustments in fiscal policy are unlikely to put Malaysia on an unsustainable trajectory of debt dynamics.

On the monetary policy front, besides large overnight policy interest (OPR) cuts since 2020, the central bank has continued to inject liquidity into financial markets as well as providing guidance to banks to provide loan moratoriums. Besides inducing a floor on economic activity, we note that large scale defaults among corporates and consumers hasn't arisen so far. These are indications of a well-functioning central bank. We believe these dynamics will continue in the foreseeable future. We maintain our 2021 OPR forecast of 1.75% as Bank Negara Malaysia (BNM) looks towards a 2H21 and 2022 economic recovery path. We believe the targeted support provided by BNM so far has been adequate, with fiscal policy the preferred avenue used to stabilise economic activity if downside risks to growth re-emerge.

We maintain our 2021 CPI inflation forecast of 2.5% YoY. However, elevated crude oil prices are a major risk to our projection. May's producer price index, a predictor of future CPI movements, has risen sharply by 12% YoY amid the rise in cost-related factors, following the increase in crude oil prices. This could influence a stronger rise in CPI, beyond our projected forecast, especially if oil prices remain elevated. So far, we still expect the cost-push pressures to remain contained, as it is still unclear how MCO 3.0 will impact the pricing power among companies in 2H21.

With respect to financial markets, even though expansionary fiscal policy and higher debt burdens have been incurred by the government in 2020 and 2021, the local currency government bond market remains well behaved with the curve steepening by a relatively lesser magnitude compared to regional peers. This is partially attributable to the credibility of the fiscal authorities along with the central bank managing inflation expectations appropriately.

We expect GDP growth to accelerate in 2H21, on back of a recovery in private consumption growth, strong export growth, and continued policy support. The reasons supporting this view include the easing of lockdown measures in the early part of 2H21 which will unleash pent-up demand in 3Q21, robust global recovery which will boost exports and feed into improved labour market conditions, consumers' and businesses' adaptability to the pandemic situation has strengthened, and policy support from both the fiscal and monetary authorities will provide a floor on economic activity. In addition, the Covid-19 vaccination rate is picking up significantly, averaging at over 200,000 doses per day over the past month, from 60,000 doses per day just a month earlier. This rate of vaccinations is likely to continue, as the Government aims for over 400,000 daily vaccinations in August. With rising public immunity to the Covid-19 virus, restrictions may gradually be eased in 3Q21 and induce stronger growth momentum in 2H21.

As a result, while 2Q21 GDP growth is projected to contract in QoQ terms, the rebound is likely to be stronger in 3Q21. Potentially, June and the first half of July could be the slowest for economic activity before a sustained rebound materializes.

For 2022, we project GDP growth of 5.5% YoY, as domestic spare capacity gradually diminishes, aided by the global economic recovery, and private investment spending picks up. This will then lead to further improvements in labour market conditions and catalyze consumer spending in 2023.

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 Year Ended 30 June 2021**

We have acted as Trustee for APEX DANA AL-KANZ (“the Fund”) for the financial year ended 30 June 2021. 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.

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

BERNICE K M LAU
Head, Operations

Kuala Lumpur, Malaysia
25 August 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 30 June 2021.

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: 25 August 2021

6. INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF APEX DANA AL-KANZ

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Apex Dana Al-Kanz** ("the Fund"), which comprise the statement of financial position as at 30 June 2021, 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 14 to 36.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2021 and of its financial performance and its cash flows 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.

6. INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF APEX DANA AL-KANZ (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 is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either 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 scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

6. INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF APEX DANA AL-KANZ (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

25 August 2021

Ooi Song Wan
02901/10/2022 J
Chartered Accountant

7. 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 30 June 2021 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
Date: 25 August 2021

7.1 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2021 (Audited)

	Note	2021 RM	2020 RM
INVESTMENT INCOME			
Profit income:			
- Shariah-compliant investments		422,230	985,528
- Shariah-based deposits		307,611	662,211
		<hr/>	<hr/>
		729,841	1,647,739
Realised gain on sale of investments		10,500	-
Unrealised gains on financial assets at fair value through profit and loss ("FVPL")		(1,500)	-
Other income		1,800	4,055
		<hr/>	<hr/>
		740,641	1,651,794
LESS: EXPENSES			
Management fee	4	57,237	97,322
Trustee's fee	5	14,309	24,330
Auditors' remuneration		*	*
Tax agent's fee		*	*
Administrative expenses		-	430
		<hr/>	<hr/>
		71,546	122,082
NET INCOME BEFORE TAXATION			
		669,095	1,529,712
INCOME TAX EXPENSE			
	6	-	-
NET INCOME AFTER TAXATION FOR THE FINANCIAL YEAR			
		669,095	1,529,712
OTHER COMPREHENSIVE INCOME			
		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR			
		<hr/>	<hr/>
		669,095	1,529,712
Total comprehensive income for the financial year is made up as follows:			
- realised		670,595	1,529,712
- unrealised		(1,500)	-
		<hr/>	<hr/>

* These expenses were absorbed by the Manager.

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

7.2 STATEMENT OF FINANCIAL POSITION

At 30 June 2021 (Audited)

	Note	2021 RM	2020 RM
ASSETS			
INVESTMENTS			
Shariah-compliant investments	7	9,937,986	4,988,781
Shariah-based deposits with licensed financial institutions	8	6,045,138	30,226,732
		<u>15,983,124</u>	<u>35,215,513</u>
OTHER ASSETS			
Sundry receivables		103,218	25,293
Cash at bank		31,686	72,390
		<u>134,904</u>	<u>97,683</u>
TOTAL ASSETS		<u>16,118,028</u>	<u>35,313,196</u>
NET ASSET VALUE (“NAV”) AND LIABILITIES			
NAV			
Unitholders’ capital		7,648,391	27,510,568
Retained earnings		8,462,160	7,793,065
TOTAL NAV	9	<u>16,110,551</u>	<u>35,303,633</u>
LIABILITIES			
Accruals		2,633	2,633
Amount owing to Manager		3,875	5,544
Amount owing to Trustee		969	1,386
TOTAL LIABILITIES		<u>7,477</u>	<u>9,563</u>
TOTAL NAV AND LIABILITIES		<u>16,118,028</u>	<u>35,313,196</u>
NUMBER OF UNITS IN CIRCULATION	9.1	<u>43,533,869</u>	<u>97,666,705</u>
NAV PER UNIT (RM)		<u>0.3701</u>	<u>0.3615</u>

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

7.3 STATEMENT OF CHANGES IN NET ASSET VALUE
For The Financial Year Ended 30 June 2021 (Audited)

	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 year		-	1,529,712	1,529,712
Contribution by and distribution to the unitholders of the Fund :				
- creation of units	9.1	42,041,322	-	42,041,322
- cancellation of units	9.1	(57,061,248)	-	(57,061,248)
Total transactions with unitholders of the Fund		(15,019,926)	-	(15,019,926)
At 30 June 2020/1 July 2020		27,510,568	7,793,065	35,303,633
Net income after taxation/Total comprehensive income for the financial year		-	669,095	669,095
Contribution by and distribution to the unitholders of the Fund :				
- creation of units	9.1	18,495,910	-	18,495,910
- cancellation of units	9.1	(38,358,087)	-	(38,358,087)
Total transactions with unitholders of the Fund		(19,862,177)	-	(19,862,177)
Balance at 30 June 2021		7,648,391	8,462,160	16,110,551

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

7.4 STATEMENT OF CASH FLOWS

For The Financial Year Ended 30 June 2021 (Audited)

	Note	2021 RM	2020 RM
CASH FLOWS (FOR)/FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from redemption of investments on maturity		41,294,864	233,946,331
Purchase of investments		(46,235,069)	(212,648,358)
Profit income received		651,916	1,687,783
Management fee paid		(58,906)	(99,177)
Trustee's fee paid		(14,726)	(24,794)
Payment for other fees and expenses		-	(430)
Other income received		1,800	4,055
		<hr/>	<hr/>
NET CASH (FOR)/FROM OPERATING AND INVESTING ACTIVITIES		(4,360,121)	22,865,410
		<hr/>	<hr/>
CASH FLOWS FOR FINANCING ACTIVITIES			
Proceeds from units created		18,495,910	42,041,322
Payment for cancelled units		(38,358,087)	(57,463,288)
		<hr/>	<hr/>
NET CASH FOR FINANCING ACTIVITIES		(19,862,177)	(15,421,966)
		<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(24,222,298)	7,443,444
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		30,299,122	22,855,678
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	10	6,076,824	30,299,122
		<hr/>	<hr/>

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

7.5 NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2021 (Audited)

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, MTrustee Berhad and the registered unitholders of the Fund. The First Supplemental Deed dated 3 August 2015 entered into between the Manager and MTrustee Berhad 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.

The financial statements were approved by the Board of Directors of the Manager on 25 August 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 the requirements of the Companies Act 2016 in Malaysia.

2.1 During the current financial year, 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 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 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 year:-

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
Amendment to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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

In the process of applying the Fund's accounting policies, the management is not aware of any judgements that have significant effects on the amounts recognised in the financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(i) Amortised Cost (Cont'd)

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments (Cont'd)

(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.

3.4 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, receivables, short-term deposits with financial institutions and cash at bank.

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 receivables, short-term deposits with financial institutions and cash at bank 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 forward-looking 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.

3.6 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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% (2020 – 2.0%) per annum. The management fee recognised in the financial statements is computed based at 0.2% (2020 – 0.2%) 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% (2020 - 0.05%) per annum of the net asset value attributable to unitholders of the Fund.

6. INCOME TAX EXPENSE

There was no income tax expense for the financial year as the Fund did not earn any chargeable income during the financial year.

	2021 RM	2020 RM
Net income before taxation	669,095	1,529,712
Tax at the statutory tax rate 24% (2020 - 24%)	160,583	367,131
Tax effects of:-		
Non-taxable income	(175,594)	(396,431)
Non-deductible expenses	17,171	29,300
Net non-taxable gains on investments	(2,160)	-
Income tax expense for the financial year	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020 - 24%) of the estimated assessable profit for the financial year.

7. SHARIAH-COMPLIANT INVESTMENTS

	Note	2021 RM	2020 RM
Financial asset at FVPL			
At nominal value:-			
Islamic Commercial Papers	7.1	5,000,000	5,000,000
Islamic Bond Papers	7.2	5,000,000	-
		<u>10,000,000</u>	<u>5,000,000</u>
At fair value:-			
Islamic Commercial Papers	7.1	4,936,986	4,988,781
Islamic Bond Papers	7.2	5,001,000	-
		<u>9,937,986</u>	<u>4,988,781</u>

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D)

Details of the Shariah-compliant investments, as at 30 June were as follows:-

7.1 ISLAMIC COMMERCIAL PAPERS ("ICP")

Maturity Date	Name of Issuer	Credit Rating	Nominal Value	Fair Value	Cost	Percentage of NAV
2021			RM	RM	RM	%
17.08.2021	Titijaya Bhd @5.0% p.a.	MARC-2IS	5,000,000	4,936,986	4,936,986	30.64
2020						
29.07.2020	Aeon Co. (M) Berhad @2.73% p.a.	P1	5,000,000	4,988,781	4,988,781	14.13

7.2 ISLAMIC BOND PAPERS

Maturity Date	Name of Issuer	Credit Rating	Nominal Value	Fair Value	Cost	Percentage of NAV
2021			RM	RM	RM	%
12.07.2021	Aeon Co. (M) Berhad @3.10% p.a.	AA2	5,000,000	5,001,000	5,002,500	31.05

p.a. - per annum

8. SHARIAH-BASED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The Shariah-based deposits earn weighted average effective profit rate of 1.74% (2020 – 2.09%) per annum at the end of the reporting period. The maturity periods of the deposits at the end of the reporting period range from 4 to 13 days (2020 – 8 to 36 days).

9. TOTAL NET ASSET VALUE

	Note	2021 RM	2020 RM
Unitholders' capital	9.1	7,648,391	27,510,568
Retained earnings:			
- realised reserve	9.2	8,463,660	7,793,065
- unrealised reserve	9.3	(1,500)	-
		8,462,160	7,793,065
		<u>16,110,551</u>	<u>35,303,633</u>

9. TOTAL NET ASSET VALUE (CONT'D)

9.1 UNITHOLDERS' CAPITAL

	2021		2020	
	Number of units	RM	Number of Units	RM
As at beginning of the financial year	97,666,705	27,510,568	139,266,420	42,530,494
Creation of units	50,728,491	18,495,910	118,206,397	42,041,322
Cancellation of units	(104,861,327)	(38,358,087)	(159,806,112)	(57,061,248)
As at end of the financial year	43,533,869	7,648,391	97,666,705	27,510,568

9.2 REALISED RESERVE - DISTRIBUTABLE

	2021 RM	2020 RM
Balance as at beginning of the financial year	7,793,065	6,263,353
Net income for the financial year	669,095	1,529,712
Net unrealised loss on valuation of investments transferred to unrealised reserve	1,500	-
	670,595	1,529,712
Balance as at end of the financial year	8,463,660	7,793,065

9.3 UNREALISED RESERVE - NON-DISTRIBUTABLE

	2021 RM	2020 RM
Balance as at beginning of the financial year	-	-
Net unrealised loss on valuation of investments transferred from realised reserve	(1,500)	-
Balance as at end of the financial year	(1,500)	-

10. CASH AND CASH EQUIVALENTS

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

	2021 RM	2020 RM
Shariah-based deposits with licensed financial institutions (Note 8)	6,045,138	30,226,732
Cash at a licensed bank	31,686	72,390
	6,076,824	30,299,122

11. MANAGEMENT EXPENSE RATIO

	2021	2020
	%	%
Management Expense Ratio (“MER”)	0.25	0.25

The MER 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 year is RM28,625,990 (2020 – RM48,240,296).

12. PORTFOLIO TURNOVER RATIO

	2021	2020
	Times	Times
Portfolio Turnover Ratio (“PTR”)	1.53	4.63

The PTR is derived from the following calculation:

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

Where,

total acquisitions for the financial year = RM46,235,069 (2020 – RM212,648,358)

total redemptions for the financial year = RM41,294,864 (2020 – RM233,946,331)

13. OPERATING SEGMENTS

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

14. 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 30 June 2021.

15. TRANSACTIONS BY THE FUND WITH FINANCIAL INSTITUTIONS

Transactions by the Fund with financial institutions during the financial year are as follows:-

	2021		2020	
	Value of trade RM	%	Value of trade RM	%
Maybank Berhad	42,926,840	49.04	151,580,639	33.94
Kenanga Investment Bank Berhad	34,592,593	39.52	151,479,533	33.92
Hong Leong Investment Bank Berhad	10,010,500	11.44	-	-
CIMB Bank Berhad	-	-	101,723,044	22.78
RHB Investment Bank Berhad	-	-	26,928,432	6.03
Others	-	-	14,883,041	3.33
	<u>87,529,933</u>	<u>100.00</u>	<u>446,594,689</u>	<u>100.00</u>

16. RELATED PARTY DISCLOSURES

16.1 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) Companies in which a director of the Manager holds position as director:-
 - Naluri Hidup Sdn. Bhd.; and
 - L.T. Wong (Holdings) Sdn. Bhd.

16.2 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:-

	2021 RM	2020 RM
Apex Investment Services Berhad: - Management fee	<u>57,237</u>	<u>97,322</u>
Maybank Trustees Berhad: - Trustee fee	<u>14,309</u>	<u>24,330</u>

16. RELATED PARTY DISCLOSURES

16.2 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)

	2021		2020	
	Units	RM	Units	RM
Purchase of units in the Fund by:				
- MBM Resources Berhad	26,037,991	9,500,000	74,675,829	26,500,000
- Med-Bumikar Mara Sdn. Bhd.	-	-	13,838,915	5,000,000
- Naluri Hidup Sdn. Bhd.	2,050,861	750,000	1,663,894	600,000
Disposal of units in the Fund by:				
- MBM Resources Berhad	72,347,066	26,500,000	47,812,515	17,000,000
- Med-Bumikar Mara Sdn. Bhd.	10,491,441	3,800,000	-	-
- Naluri Hidup Sdn. Bhd.	2,877,293	1,051,548	1,401,738	500,000

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

	2021		2020	
	Units	RM	Units	RM
MBM Resources Berhad	11,072,389	4,097,891	57,381,464	20,743,399
Med-Bumikar Mara Sdn. Bhd.	3,347,474	1,238,900	13,838,915	5,002,768
Naluri Hidup Sdn. Bhd.	1,788,057	661,760	2,614,489	945,138
L.T. Wong (Holdings) Sdn. Bhd.	5,836,524	2,160,098	5,836,524	2,109,904

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

17. FINANCIAL INSTRUMENTS (CONT'D)

17.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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.

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 year.

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 %
2021				
Financial Assets				
Shariah-compliant investments	9,937,986	-	9,937,986	4.04
Shariah-based deposits with licensed financial institutions	6,045,138	-	6,045,138	1.74
Other assets	-	134,904	134,904	-
	<u>15,983,124</u>	<u>134,904</u>	<u>16,118,028</u>	
Financial Liability				
Other liabilities	-	7,477	7,477	-
Total profit rate sensitivity gap	<u>15,983,124</u>	<u>127,427</u>	<u>16,110,551</u>	

17. FINANCIAL INSTRUMENTS (CONT'D)

17.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Profit Rate Risk

	0-3 months RM	Non-profit rate bearing RM	Total RM	Weighted Average Effective Profit Rate %
2020				
Financial Assets				
Shariah-compliant investments	4,988,781	-	4,988,781	2.73
Shariah-based deposits with licensed financial institutions	30,226,732	-	30,226,732	2.09
Other assets	-	97,683	97,683	-
	<u>35,215,513</u>	<u>97,683</u>	<u>35,313,196</u>	
Financial Liability				
Other liabilities	-	9,563	9,563	-
Total profit rate sensitivity gap	<u>35,215,513</u>	<u>88,120</u>	<u>35,303,633</u>	

(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.

17. FINANCIAL INSTRUMENTS (CONT'D)

17.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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.

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
2021				
Current (not past due)	103,218	-	-	103,218
2020				
Current (not past due)	25,293	-	-	25,293

17. FINANCIAL INSTRUMENTS (CONT'D)

17.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(f) Credit Risk (Cont'd)

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.

(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.

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

	2021	2020
	RM	RM
Financial Assets		
<u>Mandatorily at FVPL</u>		
Shariah-compliant investments	9,937,986	4,988,781
<u>Amortised Cost</u>		
Shariah-based deposits with financial institutions	6,045,138	30,226,732
Sundry receivables	103,218	25,293
Cash at bank	31,686	72,390
	<u>6,180,042</u>	<u>30,324,415</u>
Financial Liability		
<u>Amortised Cost</u>		
Accruals	2,633	2,633
Amount owing to Manager	3,875	5,544
Amount owing to Trustee	969	1,386
	<u>7,477</u>	<u>9,563</u>

17. FINANCIAL INSTRUMENTS (CONT'D)

17.4 GAINS AND LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2021 RM	2020 RM
Financial Assets		
<u>Mandatorily at FVPL</u>		
Gains recognised in profit or loss	431,230	985,528
	<hr/>	<hr/>
<u>Loans and Receivables Financial Assets</u>		
Gains recognised in profit or loss	309,411	666,266
	<hr/>	<hr/>

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 2 of the fair value hierarchy:-

	Fair Value Financial Instruments			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	At Fair Value Level 2 RM	Level 3 RM		
2021					
Financial Asset:-					
Shariah-compliant investments	-	9,937,986	-	9,937,986	9,937,986
	<hr/>				
2020					
Financial Asset:-					
Shariah-compliant investments	-	4,988,781	-	4,988,781	4,988,781
	<hr/>				

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 REPORTING PERIOD

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The management has assessed the impact on the Fund and of the opinion that there were no material financial impacts arising from the pandemic. The Fund has been performing much better than expected and based on current market perspectives, the management believes this trend will continue in the foreseeable future within the next 12 months.

Nevertheless, the Fund has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs.

8. DIRECTORY

Manager	Apex Investment Services Berhad [199701004894 (420390-M)]	
Registered Office	No. 47-1, Jalan SS 18/6 47500 Subang Jaya, Selangor Darul Ehsan	
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**

3rd Floor, Menara MBSB
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50490 Kuala Lumpur