



Syarikat Pengurusan Dana Islam (IFMC)

**PMB WHOLESALE
SUKUK FUND**

**ANNUAL REPORT FOR
THE FINANCIAL YEAR
ENDED 31 DECEMBER 2019**

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MOVING TOWARDS ELECTRONIC COMMUNICATION.

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Should you have any queries or need further clarification, please do not hesitate to contact our Investor Relation Careline at 03-2785 9900 or email at investorrelation@pelaburanmara.com.my

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CORPORATE INFORMATION

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BOARD OF DIRECTORS

Dato' Sri Hj Abd Rahim bin Hj Abdul

Prof. Dr. Faridah binti Hj Hassan

Mansoor bin Ahmad

Nik Mohamed Zaki bin Nik Yusoff

Najmi bin Haji Mohamed

YM Tengku Ahmad Badli Shah bin Raja Hussin

CHIEF EXECUTIVE OFFICER

Najmi bin Haji Mohamed

COMPANY SECRETARIES

Omar Saifuddin Bin Aziz @ Abdul Aziz (BC/O/382)

(Effective until 20 August 2019)

Suhara Binti Mohamad Sidik (BC/S/2085)

(Effective until 20 August 2019)

Mohd Shah Bin Hashim (BC/M/148)

(Effective from 19 August 2019)

INVESTMENT COMMITTEE MEMBERS

Mansoor bin Ahmad

Nik Mohamed Zaki bin Nik Yusoff

Prof. Dr. Mohamed Aslam bin Mohamed Haneef

TRUSTEE

AMANAHRAYA TRUSTEES BERHAD

SHARIAH ADVISER

BIMB SECURITIES SDN BHD

AUDITORS

JAMAL, AMIN & PARTNERS

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1. FUND INFORMATION**1.1 FUND NAME**

PMB Wholesale Sukuk Fund - PMB WSF.

1.2 DATE OF LAUNCH

3 March 2015.

1.3 FUND CATEGORY/TYPE

Sukuk / Income.

1.4 FUND OBJECTIVE

To provide investors with consistent income stream and a steady capital appreciation in the medium to long term by investing primarily in sukuk.

1.5 FUND PERFORMANCE BENCHMARK

Maybank's 12-Month General Investment Account (GIA) Rate (MBB 12-Month GIA Rate).

1.6 FUND DISTRIBUTION POLICY

Subject to availability of income, the Fund will distribute its income on annual basis.

Income distribution will be paid in the form of units.

1.7 BREAKDOWN OF UNIT HOLDING BY SIZE AS AT 31 DECEMBER 2019

Size of Holdings	No. of Unit Holder	%	No. of Units	%
250,000 - 500,000	-	-	-	-
500,001 and above	1	100.00	15,330,674.33	100.00
Total	1	100.00	15,330,674.33	100.00

2.0 FUND PERFORMANCE

2.1 FUND COMPOSITION

Category	31 DECEMBER		
	2019	2018	2017
	%	%	%
Sukuk	63.98	63.98	65.03
AI-Mudharabah short term deposit	36.02	36.02	34.92
Cash & others	-	-	0.05
Total	100.00	100.00	100.00

2.2 Performance Detail

Total Net Aset Value (NAV) - xD (RM'000)		17,123	15,850	15,137
Unit in Circulation - xD ('000)		15,331	14,984	14,624
NAV per unit - xD (RM)		1.1169	1.0578	1.0351
NAV per Unit - xD: Highest Price (RM)		1.1551	1.0819	1.0599
Lowest Price (RM)		1.0584	1.0355	1.0177
Total Return # (%)		8.42	4.61	3.84
- Capital Growth # (%)		5.58	2.19	1.39
- Income Return (%)		2.84	2.42	2.45
Gross Distribution per unit (sen)		^3.00	^2.50	^2.50
Net Distribution per unit (sen)		^3.00	^2.50	^2.50
Management Expenses Ratio (MER) (%)		* 0.81	* 0.83	* 0.86
Portfolio Turnover Ratio (PTR) (times)		** 0.69	** 1.76	** 0.26

Source: Lipper

^ Distribution is in the form of units.

* MER slightly decreased by 0.02 percentage points to 0.81% in the financial year ended 31 December 2019 from 0.83% in the previous financial year. The decreased was due to the increase in average fund size by 7.98% which was higher than the increase in total expenses by 5.30% during the financial year.

** PTR decreased by 60.80% to 0.69 times in the financial year ended 31 December 2019 from 1.76 times in the previous financial year. The decreased was mainly due to the reduction in sales and purchase of securities.

Past performance is not necessarily indicative of future performance, unit prices and investment returns may fluctuate.

2.2 PERFORMANCE DETAIL(CONT.)

# AVERAGE TOTAL RETURN (31 DECEMBER)		
	1 Year	3 Years
PMB SUKUK	8.42%	5.60%
BENCHMARK	3.45%	3.45%

# ANNUAL TOTAL RETURN (31 DECEMBER)					
	2019	2018	2017	2016	Since Inception (20/05/2015 - 31/12/2015)
PMB SUKUK	8.42%	4.61%	3.84%	4.13%	-0.03 %
BENCHMARK	3.45%	3.54%	3.36%	3.86%	2.32%

Source: Lipper

Past performance is not necessarily indicative of future performance, unit prices and investment returns may fluctuate.

3.0 MANAGER'S REPORT

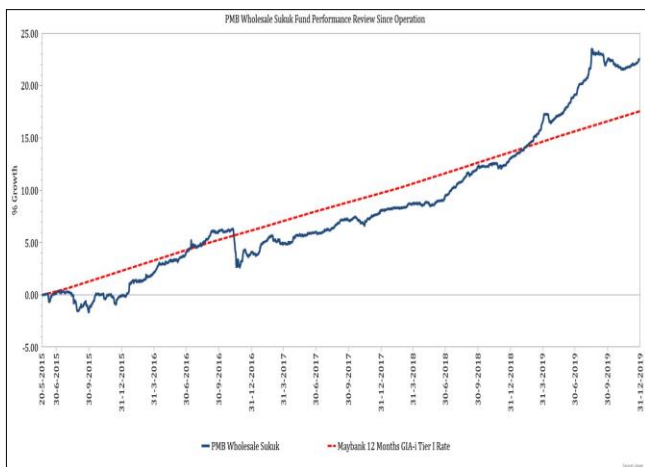
For period twelve (12) month period ended 31 December 2019 (1 January 2019 to 31 December 2019).

3.1.1 FUND'S PERFORMANCE MEASURED AGAINST FUND OBJECTIVE

For the period under review, the Manager is of the opinion that the Fund has met its objective of providing of maintaining consistent income stream by investing in the medium to long term sukuk.

Based on the data from Lipper, the Fund's return since operation and 3-year period were 22.59% and 17.77% respectively. For 1-year period ended 31 December 2019, the Fund registered a total return of 8.42%.

3.1.2 FUND'S PERFORMANCE MEASURED AGAINST BENCHMARK



The graph illustrates the movement of the Fund's return against the benchmark for the period from 20 May 2015 to 31 December 2019. During the period, the Fund's NAV/unit recorded a positive return of 22.59%. In comparison, its benchmark stood at 17.55%.

3.2 ANALYSIS OF FUND'S PERFORMANCE BASED ON NAV

For the period under review ended 31 December 2019, NAV/unit increased by RM0.0891 or 8.42% to RM1.1469 (cD) from RM1.0578 (xD) as at 31 December 2018.

3.3 POLICY AND STRATEGY EMPLOYED

To invest a minimum 70% of the Fund's NAV in a diversified portfolio of RM-denominated sukuk issued by the Government, Bank Negara Malaysia (BNM), quasi-government institutions or Malaysian private corporations.

3.3 POLICY AND INVESTMENT STRATEGY (CONT.)

For investment in sukuk issued by the Malaysian private corporations, the minimum credit ratings of sukuk are as follows:-

1) Long Term Ratings

- * A2 (by RAM) or A (by MARC) or an equivalent rating by any other recognized foreign credit rating agencies

2) Short Term Ratings

- * P2 (by RAM) or MARC-2 (by MARC) or an equivalent rating by any other recognized foreign credit rating agencies

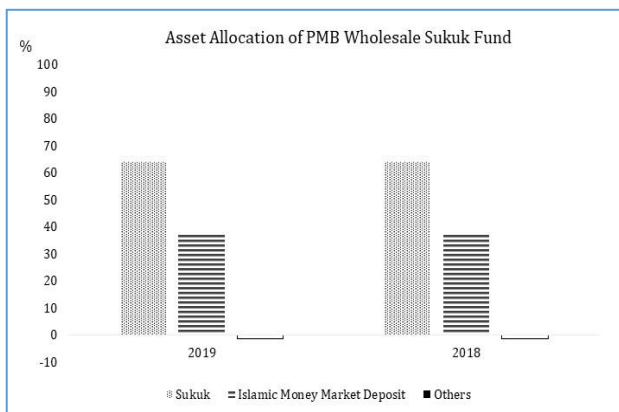
For sukuk issued by the Government of Malaysia, BNM or Malaysian quasi-government institutions, or guaranteed by the Government of Malaysia, the requirement for the minimum credit rating may not apply.

The balance not invested in sukuk will be invested in Islamic money market instruments, Islamic deposit placements and/or products, Islamic collective investment schemes and/or other Shariah-compliant permitted investments.

3.4 ASSET ALLOCATION OF THE FUND

ASSET ALLOCATION				
	31 Dec 2019 (%)	31 Dec 2018 (%)	Change (%)	Average Exposure (%)
Fixed Income - Sukuk	63.98	63.98	-	63.98
Islamic Money Market Deposit	36.02	36.02	-	36.02

As at 31 December 2019, the Fund's exposure for the Sukuk stood at 63.98% of the Fund's NAV, while the balance was held in Islamic money market deposit and/or other permitted investments.



3.5 FIXED INCOME REVIEW

The FTSE Russell decision become attention in the local bond market as the decision to retain Malaysia bond in the World Government Bond Index ("WGBI") in 3Q2019. The Malaysian bond is still on the watch list until the next review in March 2020. BNM has reduced the Statutory Reserve Requirement ("SRR") ratio from 3.5% to 3.0% mid November 2019 to ensure sufficient liquidity in the domestic financial system and to facilitate effective liquidity management by banking institutions. In addition, the World Bank Group has revised its projection of Malaysia's Gross Domestic Product ("GDP") growth for the year 2020 from 4.6% to 4.5% largely due to weaker than expected in private investment and export growth in the third quarter of this year.

Meanwhile, the global financial markets are expected to be influenced by the political and policy uncertainties in major economies, global growth slowdown, heightened uncertainties global trade war between US and China, geopolitical tensions in Hong Kong, Brexit issues, the heightened tensions between US and Iran that lifted crude oil prices, slower economic activities, the outlook for US interest rate, as well as monetary policies of major central banks.

In 2019, BNM had released its securities auctions which consist of 32 auctions (2018: 33 auctions) comprising of equal 16 tenders each for Malaysia Government Securities ("MGS") and Government Investment Issue ("GII") respectively. The gross government bond issuance in 2019 were lower by 0.5% to RM95.7 billion (2018: RM100.07 billion).

Corporate bond issuance remains strong in 2019. Long term corporate bond issuances rose to RM132.0 billion (YTD2018: RM104.0 billion). The increase was underpinned by significantly higher issuances across all segments except for the quasi-government issuances. For the 1H2019, financial services sector contributed about 71.4% (1H2018: 57.9%) of total corporate bond issuances. The major primary issuances were mainly from Danainfra National Berhad (RM6.8 billion), Pengurusan Air SPV Berhad (RM4.6 billion), Malayan Banking Berhad (RM3.7 billion), Danum Cpaital Berhad (RM3.5 billion), Lembaga Pembiayaan Perumahan Sektor Awam (RM3.0 billion), PTPTN (RM3.0 billion) and CIMB Group Holdings Berhad (RM2.0 billion).

During the month, total foreign holdings of local bonds comprise of MGS, GII, Treasury bills, BNM Notes and corporate bonds increased to RM204.78 billion (November 2019: RM196.6 billion). Demand for local bonds by foreign investors due to the expectation of another 25-basis point reduction in the OPR by early 2020.

3.6 MONEY MARKET REVIEW

Throughout 1-year period ended 31 December 2019, the Monetary Policy Committee (MPC) BNM decided to reduce the OPR to 3.00% on 7 May 2019 and maintain the rate at 3.00% during the meeting held on 7 July 2018, 12 September 2019 and 5 November 2019.

3.6 MONEY MARKET REVIEW (CONT.)

According to BNM, the global economy is expanding at a more moderate pace, with the slowdown becoming more synchronised across both the advanced and emerging economies. There is also evidence of the weak global trade affecting domestic demand, particularly investment activity. Going forward, geopolitical tensions, policy uncertainty and the unresolved trade disputes could exacerbate financial market volatility and further weigh on the global growth outlook. Monetary easing and other policy measures are expected to provide some support to growth.

For the Malaysian economy, latest indicators are in line with expectations, suggesting moderate expansion of economic activity for the third quarter. Going forward, growth is expected to remain anchored by firm private sector expenditure. While private investment is projected to remain modest, household spending will be supported by continued employment and wage growth. The recent Government measures will provide additional impetus to economic activity.

On the external front, while exports will continue to be affected by slower global demand, this will be partly mitigated by its diversified structure. Overall, growth of the Malaysian economy is expected to be within projections in 2019 and the pace sustained going into 2020. This projection remains subject to downside risks, mainly stemming from uncertainties in global economic and financial conditions as well as weakness in commodity-related sectors.

Average headline inflation in 2019 will be low. In 2020, headline inflation is expected to average higher but remain modest. This reflects mainly the lapse in the impact from consumption tax policy changes, the lifting of the domestic retail fuel price ceiling amid the relatively subdued outlook on global oil prices, and measures in place to contain food prices. The trajectory of headline inflation will, however, be dependent on global oil and commodity price developments. Underlying inflation is expected to remain stable, supported by the continued expansion in economic activity and in the absence of strong demand pressures.

At the current level of the OPR, the stance of monetary policy remains accommodative and supportive of economic activity. The MPC will continue to assess the balance of risks to domestic growth and inflation, to ensure that the monetary policy stance remains conducive to sustainable growth amid price stability.

(Source: Bank Negara Malaysia Website)

3.7 INCOME DISTRIBUTION

The Manager with the approval of the Trustee has declared income distribution 3.00 sen (net) per unit in the form of new units to unitholders for the financial period ended 31 December 2019. The effect of the income distribution, the NAV per unit of the fund adjusted from RM1.1469 to RM1.1169.

No unit split was declared during the period under review.

3.8 INTEREST OF UNIT HOLDERS

For the financial period under review, there is no circumstances that materially affect any interest of the unit holders other than business transaction in accordance with the limitations imposed under the Deeds, Securities Commission's Guidelines, the Capital Markets and Services Act 2007 and other applicable laws during the financial period then ended.

3.9 REBATES AND SOFT COMMISSION

During the 1-year financial period ended 31 December 2019, the Fund Manager received services from one of the stockbroking institutions that indirectly assists in the decision-making process pertaining to the fund's investment. The services received are in the form of advisory services on Shariah matters. In addition, the FM also received soft commission from brokers in term of software and computer hardware related to fund's investment, stock market and economic matters.

3.10 SIGNIFICANT CHANGES OF FUND POSITION AFTER THE FINANCIAL YEAR

Income Distributions and Reinvestment Policies

Auto Reinvestment

Effective from 1 July 2019, the reinvestment limit for each distribution will be increased from less than RM50 to less than RM200.

Distribution amount of less than RM200, which will be reinvested at the unit price equivalent to the NAV per unit computed at the end of the next business day following the Distribution Date. No additional charge will be imposed on the distribution reinvestment.

Justification on Changes:

To improve the efficiency of PMB Investment's operations in managing income distribution of the funds (if any) by way of cash and/or units in unit trust fund.

3.0 LAPORAN PENGURUS

Bagi tempoh dua belas (12) bulan berakhir 31 Disember 2019 (1 Januari 2019 hingga 31 Disember 2019)

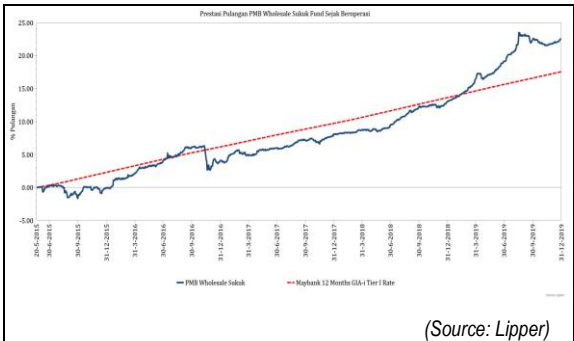
3.1 ANALISA PRESTASI DANA

3.1.1 PRESTASI DANA BERBANDING OBJEKTIF DANA

Pengurus pelabur berpendapat Dana mencapai objektif iaitu mencapai pulangan yang konsisten dan pertumbuhan modal berterusan melalui pelaburan di dalam Sukuk yang berjangka sederhana hingga jangka panjang.

Berdasarkan data dari Lipper, pulangan Dana sejak ia beroperasi dan untuk tempoh 3-tahun masing-masing adalah 22.59% dan 17.77%. Bagi tempoh 1-tahun berakhir 31 Disember 2019, Dana mencatat jumlah pulangan sebanyak 8.42%.

3.1.2 PRESTASI DANA BERBANDING TANDA ARAS



Graf di atas mencerminkan pergerakan pulangan Dana untuk jangka masa daripada 20 Mei 2015 sehingga 31 Disember 2019. Sepanjang tempoh itu, NAV / unit Dana mencatatkan pulangan positif sebanyak 22.59%. Sebagai perbandingan, penanda arasnya berada pada 17.55%

3.2 ANALISA PRESTASI DANA BERDASARKAN NILAI ASET BERSIH DANA

Sepanjang tempoh kajian berakhir 31 Disember 2019, NAB/unit Dana meningkat sebanyak RM0.0891 atau 8.42% kepada RM1.1469 (cD) daripada RM1.0578 (xD) pada 31 Disember 2018.

3.3 POLISI DAN STRATEGI DANA

Dana ini melabur minimum 70% daripada nilai aset bersih dalam pelaburan sukuk berdenominasi Ringgit Malaysia yang dikeluarkan oleh Kerajaan Malaysia, Bank Negara Malaysia (BNM), institusi-institusi kuasi-kerajaan dan syarikat-syarikat korporat di Malaysia.

3.3 POLISI DAN STRATEGI DANA

Bagi pelaburan dalam sukuk yang dikeluarkan oleh syarikat-syarikat korporat di Malaysia, penarafan kredit minimum sukuk atau penerbit sukuk pada masa pembelian adalah seperti berikut:

- (a) Penarafan jangka panjang
A2 oleh RAM atau A oleh MARC atau penilaian setara oleh mana-mana agensi penarafan kredit yang diiktiraf.
- (b) Penarafan jangka pendek
P2 oleh RAM atau MARC-2 oleh MARC atau penilaian setara oleh mana-mana agensi penarafan kredit yang diiktiraf.

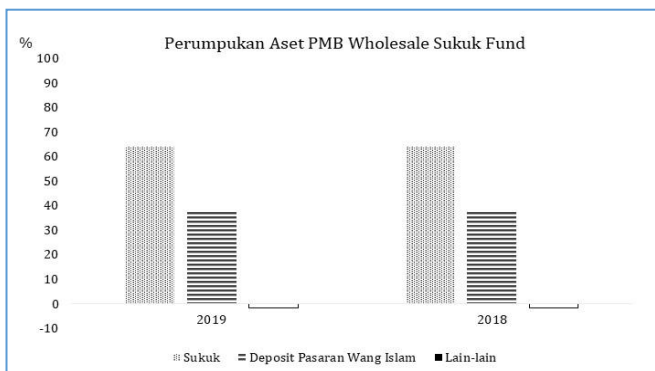
Bagi sukuk yang dikeluarkan oleh Kerajaan Malaysia, BNM atau institusi-institusi kuasi-kerajaan Malaysia atau sukuk yang dijamin oleh Kerajaan Malaysia, syarat untuk penarafan kredit minimum mungkin tidak diguna pakai.

Baki yang tidak dilaburkan dalam sukuk akan dilaburkan dalam instrumen pasaran wang Islam, penempatan deposit Islam dan / atau produk, skim pelaburan kolektif patuh Syariah dan / atau pelaburan lain yang mematuhi Syariah.

3.4 PERUMPUKAN DANA

PERUMPUKAN DANA				
	31 Dis 2019 (%)	31 Dis 2018 (%)	Perubahan Peratus Mata (%)	Purata Pendedaharan Pelaburan (%)
Sukuk	63.98	63.98	-	63.98
Deposit Pasaran Wang Islam	36.02	36.02	-	36.02

Dalam tempoh kajian berakhir 31 Disember 2019, pegangan Dana di dalam Sukuk tempoh kajian berakhir 31 Disember 2019, pegangan Dana di dalam Sukuk adalah sebanyak 63.98% manakala baki dilaburkan di dalam deposit Islam dan pelaburan-pelaburan lain yang dibenarkan Syariah.



3.5 SUASANA PASARAN SEKURITI BERPENDAPATAN TETAP

Keputusan FTSE Russell untuk mengekalkan bon Malaysia dalam Indeks Bon Kerajaan Dunia ("WGBI") pada suku ketiga 2019 adalah menjadi tumpuan dalam pasaran bon tempatan. Walaubagaimanapun, bon Malaysia masih di dalam senarai pemerhatian sehingga kajian seterusnya yang akan dilakukan pada bulan Mac 2020. Sementara itu, BNM telah menurunkan Keperluan Rizab Berkanun ("SRR") daripada 3.5% kepada 3.0% bagi menghasilkan suntikan mudah tunai yang mencukupi dalam sistem kewangan domestik dan memudahkan pengurusan mudah tunai yang berkesan oleh institusi perbankan.

Manakala, pasaran bon diperingkat global pula telah dipengaruhi oleh ketidakpastian politik dan dasar dalam ekonomi utama, kelembapan pertumbuhan global, peperangan ketegangan perdagangan global antara China dan Amerika Syarikat ("AS"), ketegangan geopolitik di Hong Kong, isu perjanjian Brexit, ketegangan antara AS dan Iran yang mempengaruhi harga minyak mentah, aktiviti ekonomi yang perlahan, prospek kadar faedah bagi AS serta dasar monetari bank pusat utama.

Pada 2019, BNM telah mengeluarkan lelongan sekuriti sebanyak 32 lelongan (2018: 33 lelongan) yang terdiri daripada 16 tender untuk Sekuriti Kerajaan Malaysia (MGS) dan 16 tender untuk Terbitan Pelaburan Kerajaan Malaysia (GII). Jumlah kasar bagi terbitan bon kerajaan pada 2019 adalah lebih rendah sebanyak 0.5% kepada RM95.7 bilion (2018: RM100.07 bilion).

Terbitan bon korporat adalah kukuh pada 2019. Terbitan bon korporat jangka panjang meningkat kepada RM132.0 bilion (YTD2018: RM104.0 bilion). Peningkatan ini adalah disokong oleh terbitan bagi semua segmen selain daripada terbitan kuasi kerajaan. Pada separuh pertama 2019, sektor perkhidmatan kewangan menyumbang 71.4% (1H2018: 57.9%) daripada jumlah keseluruhan terbitan bon korporat. Terbitan utama adalah Danainfra Nasional Berhad (RM6.8 bilion), Pengurusan Air SPV Berhad (RM4.6 bilion), Malayan Banking Berhad (RM3.7 bilion), Danum Capital Berhad (RM3.5 bilion), Lembaga Pembiayaan Perumahan Sektor Awam (RM3.0 bilion), PTTPN (RM3.0 bilion) dan CIMB Group Holdings Berhad (RM2.0 bilion).

Pada bulan Disember, jumlah pegangan bukan pemaustatin dalam pasaran domestik yang merangkumi MGS, GII, bil perbendaharaan, nota BNM dan bon korporat telah meningkat kepada RM204.78 bilion (November 2019: RM196.6 bilion). Permintaan bon domestik oleh pelabur bukan pemaustatin adalah disebabkan oleh jangkaan penurunan Kadar Dasar Semalaman (OPR) sebanyak 25 mata pada awal tahun 2020.

(Sumber: Laman Sesawang Bank Negara Malaysia)

3.6 SUASANA PASARAN WANG TEMPATAN SEMASA

Dalam tempoh setahun kewangan berakhir 31 Disember 2019, Jawatankuasa Dasar Monetari (MPC) BNM membuat keputusan untuk mengurangkan OPR kepada 3.00% pada 7 Mei 2019 Kadar tersebut dikekalkan dalam mesyuarat-mesyuarat yang berlangsung pada 9 Julai 2019, 12 September 2019 dan 5 November 2019.

3.6 SUASANA PASARAN WANG TEMPATAN SEMASA (SAMB.)

Menurut BNM, ekonomi global berkembang pada kadar yang lebih sederhana, dengan peningkatan perlahan yang lebih serentak merentas ekonomi maju dan ekonomi sedang pesat membangun. Terdapat juga penunjuk bahawa kelembapan perdagangan global yang lemah telah menjejaskan permintaan domestik, terutamanya kegiatan pelaburan. Pada masa hadapan, ketegangan geopolitik, ketidakpastian dasar dan pertikaian perdagangan yang berlarutan boleh menjejaskan lagi volatiliti pasaran kewangan dan seterusnya mempengaruhi prospek pertumbuhan global. Pelonggaran dasar monetari dan langkah-langkah dasar yang lain dijangka memberi sokongan kepada pertumbuhan.

Bagi Malaysia, penunjuk ekonomi terkini masih sejajar dengan jangkaan, menandakan kegiatan ekonomi berkembang dengan sederhana pada suku ketiga. Pada masa hadapan, pertumbuhan dijangka terus dipacu oleh perbelanjaan sektor swasta yang teguh. Meskipun pelaburan swasta dijangka terus sederhana, perbelanjaan isi rumah akan disokong oleh pertumbuhan pekerjaan dan upah yang berterusan. Langkah-langkah Kerajaan baru-baru ini akan menyediakan rangsangan tambahan kepada kegiatan ekonomi. Di sektor luaran, walaupun eksport terus terjejas akibat permintaan global yang lebih rendah, kesan ini dapat dikurangkan sebahagiannya oleh struktur eksport yang pelbagai. Secara keseluruhan, pertumbuhan ekonomi Malaysia pada tahun 2019 dijangka tetap berada dalam lingkungan anggaran dan kadar pertumbuhan dijangka berterusan menjelang tahun 2020. Unjuran ini masih tertakluk pada risiko pertumbuhan akan menjadi lebih rendah, berpunca terutamanya daripada ketidakpastian dalam keadaan ekonomi dan kewangan global serta kelemahan dalam sektor berkaitan dengan komoditi.

Purata inflasi keseluruhan pada tahun 2019 dijangka rendah. Pada tahun 2020, purata inflasi keseluruhan dijangka lebih tinggi tetapi tetap kekal pada kadar yang sederhana. Hal ini mencerminkan luputnya impak daripada perubahan dasar cukai penggunaan, pemansuhan harga siling bagi harga runcit bahan api domestik dalam keadaan prospek harga minyak dunia yang secara relatif lemah dan langkah-langkah dasar yang sedia ada untuk membendung harga makanan. Walau bagaimanapun, trajektori inflasi keseluruhan akan bergantung pada perkembangan harga minyak dan harga komoditi sedunia. Inflasi asas dijangka kekal stabil kerana disokong oleh kegiatan ekonomi yang terus berkembang dan ketiadaan tekanan permintaan yang besar.

Pada kadar semasa OPR, pendirian dasar monetari kekal akomodatif dan menyokong kegiatan ekonomi. MPC akan terus menilai imbalan risiko terhadap prospek pertumbuhan dalam negeri dan inflasi untuk memastikan pendirian dasar monetari terus kondusif terhadap pertumbuhan yang berterusan dalam keadaan harga yang stabil.

(Sumber: Laman sesawang Bank Negara Malaysia)

3.7 PENGAGIHAN PENDAPATAN/TERBITAN UNIT PECAHAN

Dana ini telah mengisytiharkan agihan pendapatan sebanyak 3.0 sen (bersih) seunit dalam bentuk unit baru bagi tahun kewangan berakhir 31 Disember 2019.

Dana ini tidak mencadangkan sebarang pecahan unit semasa tempoh kewangan berakhir 31 Disember 2019.

3.8 KEPENTINGAN PEMEGANG-PEMEGANG UNIT

Sepanjang tempoh kajian, tiada sebarang kejadian yang menjejaskan kepentingan Pemegang-Pemegang Unit selain daripada urusan urusniaga-urusniaga yang dijalankan selaras dengan Suratikatan Amanah, Garispanduan Tabung Unit Amanah, Akta Pasaran Modal dan Perkhidmatan 2007 dan undang-undang lain yang berkuatkuasa.

3.9 REBAT DAN KOMISEN RINGAN

Sepanjang setahun berakhir 31 Disember 2019, Pengurus Dana menerima perkhidmatan daripada salah sebuah institusi broker saham yang membantu proses membuat keputusan berkaitan pelaburan dana secara tidak langsung. Perkhidmatan yang diterima adalah dalam bentuk khidmat nasihat berkaitan hal-hal Syariah. Sebagai tambahan, Pengurus dana juga telah menerima komisen ringan daripada syarikat broker saham dalam bentuk perisian dan perkakasan computer yang berkaitan dengan pengurusan pelaburan dana dan pengurusan pasaran saham dan ekonomi.

3.10 PERUBAHAN YANG KETARA TERHADAP KEDUDUKAN DANA SELEPAS TAHUN KEWANGAN

Pengagihan Pendapatan dan Polisi Pelaburan Semula

Pelaburan semula secara automatik

Mulai dari 1 Julai 2019, had pelaburan semula bagi setiap pengagihan pendapatan akan dinaikkan dari RM50 kepada RM200.

Jumlah edaran yang kurang daripada RM200, akan dilaburkan semula pada harga unit bersamaan dengan NAB seunit yang dikira pada akhir hari perniagaan. Tiada caj tambahan dikenakan ke atas pelaburan semula agihan.

Justifikasi Penukaran

Objektif penukaran ini adalah meningkatkan kecekapan operasi PMB Investment dalam menguruskan pengagihan pendapatan bagi dana

4. TRUSTEE'S REPORT

To the Unit Holders of PMB WHOLESALE SUKUK FUND

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of PMB WHOLESALE SUKUK FUND for the financial year ended 31 December 2019. In our opinion, PMB INVESTMENT BERHAD, the Manager, has operated and managed PMB WHOLESALE SUKUK FUND in accordance with the limitations imposed on the investment powers of the management company under the Deed, securities laws and the applicable Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework during the financial year then ended.

We are also of the opinion that:

- (a) Valuation and pricing is carried out in accordance with the Deed and any regulatory requirement;
- (b) Creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements; and
- (c) The distribution of income made by PMB WHOLESALE SUKUK FUND as declared by the Manager is appropriate and reflects the investment objective of PMB WHOLESALE SUKUK FUND.

For **AMANAHRAYA TRUSTEES BERHAD**

ZAINUDDIN BIN SUHAIMI
Deputy Chief Executive Officer

KUALA LUMPUR

24 February 2020

5. SHARIAH ADVISER'S REPORT

To the Unit Holders of PMB WHOLESale SUKUK FUND

We have acted as the Shariah Adviser of PMB WHOLESale SUKUK FUND ("the Fund") managed by PMB INVESTMENT BERHAD ("the Manager") for the financial year ended 31 December 2019.

Our responsibility is to ensure that the procedures and processes employed by the Manager as well as the provisions of the Fund's Deed dated 26 February 2015 and the First Supplemental Deed dated 27 April 2017 are all in accordance with Shariah principles.

In our opinion, based on the periodic reports submitted to us, the Manager has managed and administered the Fund in accordance with Shariah principles and has complied with applicable guidelines, rulings and decisions issued by the Shariah Advisory Council ("SAC") of the Securities Commission ("SC") for the financial year ended 31 December 2019.

We confirm that the investment portfolio of the Fund comprises securities and instruments which have been classified as Shariah-compliant by either the SAC of the SC or the SAC of Bank Negara Malaysia ("BNM"). As for securities and instruments which have not been classified by the SAC of the SC nor by the SAC of BNM, we have reviewed and determined the Shariah status of the said securities and instruments.

For and on behalf of the Shariah Adviser,
BIMB SECURITIES SDN BHD

IR. DR. MUHAMAD FUAD ABDULLAH
Designated Shariah Person

KUALA LUMPUR

25 February 2020

6. STATEMENT BY MANAGER

Dear Unit Holders
PMB WHOLESALE SUKUK FUND

We, NAJMI BIN HAJI MOHAMED and TENGKU AHMAD BADLI SHAH BIN RAJA HUSSIN, being two of the directors of PMB INVESTMENT BERHAD, do hereby state that in the opinion of the Manager, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019 and of its financial performance, changes in equity and cash flows for the year ended 31 December 2019 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (LOLA) in Malaysia.

For and on behalf of
PMB INVESTMENT BERHAD
As Manager of PMB WHOLESALE SUKUK FUND

NAJMI BIN HAJI MOHAMED
Director

TENGKU AHMAD BADLI SHAH BIN RAJA HUSSIN
Director

KUALA LUMPUR

13 February 2020

7. AUDITOR'S REPORT

To the Unit Holders of PMB WHOLESALE SUKUK FUND

Report on the Financial Statements

Opinion

We have audited the financial statements of PMB WHOLESALE SUKUK FUND, which comprise the statement of financial position as at 31 December 2019, and the income statement, statement of changes in equity value and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the Fund's financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019 and of its financial performance, changes in equity and cash flows for the financial year ended 31 December 2019 in accordance with Malaysian Financial Reporting Standards (MFRS) and International Financial Reporting Standards (IFRS) and the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (LOLA) in Malaysia. We also verified the computation of the Management Expenses Ratio and Portfolio Turnover Ratio as disclosed in notes 16 and 17 of the financial statements are reasonable.

The schedule set out has been drawn primarily from the accounting records and other records of the Fund which have been subjected to tests and other audit procedures during our review of the Fund's financial statements for the financial year ended 31 December 2019. In our opinion, the information as a whole, have been presented fairly if deemed in all aspects in respect of the financial statements.

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 of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("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 Auditor's Report Thereon

The Managers of the Fund is responsible for the other information. The other information comprises the Manager's Report and Statement by Manager, 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.

Auditors' Report To the Unitholders of PMB WHOLESALE SUKUK FUND (CONT.)

Information Other than the Financial Statements and Auditor's Report Thereon (Cont.)

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager 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, International Financial Reporting Standards and the Securities Commission's Guidelines on Unit Trust Funds in Malaysia. The Manager is also responsible for such internal control as the Manager determine is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

The Trustee is 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.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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.

Auditors' Report To the Unitholders of PMB WHOLESALE SUKUK FUND (CONT.)

Auditors' Responsibility for the Audit of the Financial Statements (Cont.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements 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, in accordance with the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (LOLA) in Malaysia and for no other purposes. We do not assume responsibility to any other person for the contents of this report.

JAMAL, AMIN & PARTNERS
(No. AF 1067)
Chartered Accountants

AHMAD HILMY BIN JOHARI
(No: 2977/03/20(J))
Chartered Accountants

13 February 2020

KUALA LUMPUR

8. FINANCIAL STATEMENT

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	<u>NOTE</u>	<u>2019</u> RM	<u>2018</u> RM
ASSETS			
INVESTMENTS			
Unquoted Sukuk at Fair Value	4	10,954,850	10,140,750
Islamic Deposits	5	6,440,670	5,952,427
		17,395,520	16,093,177
OTHER ASSETS			
Accrued profit from:			
- Unquoted Sukuk		129,782	129,782
- Islamic Deposits		32,263	8,165
Al-Wadiah Savings		42,737	10,523
		204,782	148,470
TOTAL ASSETS		17,600,302	16,241,647
LIABILITIES			
Amount Due to Manager	6	11,147	10,277
Amount Due to Trustee		297	274
Distribution	7	459,920	374,596
Other Payables		6,400	6,400
TOTAL LIABILITIES		477,764	391,547
EQUITY			
Unitholders' Capital	8	15,018,668	14,651,746
Retained Earnings		2,103,870	1,198,354
TOTAL EQUITY		17,122,538	15,850,100
TOTAL EQUITY AND LIABILITIES		17,600,302	16,241,647
UNITS IN CIRCULATION	8	15,330,674	14,983,849
NET ASSET VALUE PER UNIT (RM)	9	1.1169	1.0578

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>NOTE</u>	<u>2019</u> RM	<u>2018</u> RM
INVESTMENT INCOME			
Profit from Unquoted Sukuk		472,500	472,500
Profit from Islamic Deposits		217,498	195,665
Hibah from Al-Wadiah Savings		147	55
Profit from Unquoted Sukuk at fair value through profit and loss	10	814,100	178,900
		1,504,245	847,120
EXPENSES			
Management Fee	11	127,892	118,511
Trustee's Fee	12	3,410	3,160
Audit Fee		5,400	5,400
Tax Agent's Fee		1,200	1,000
Good and Services Taxation		-	2,975
Administrative Expenses		907	800
		138,809	131,846
NET PROFIT BEFORE TAXATION		1,365,436	715,274
Taxation	13	-	-
NET PROFIT AFTER TAXATION		1,365,436	715,274
NET PROFIT AFTER TAXATION IS MADE UP AS FOLLOWS:			
REALISED PROFIT		551,336	536,374
UNREALISED PROFIT		814,100	178,900
		1,365,436	715,274

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>NOTE</u>	<u>Unitholders` Capital</u> RM	<u>Retained Earnings</u> RM	<u>Total Equity</u> RM
Balanced at 1 January 2018		14,278,966	857,676	15,136,642
Realised Profit		-	536,374	536,374
Unrealised Profit		-	178,900	178,900
Creation of units		372,780	-	372,780
Distribution	7	-	(374,596)	(374,596)
Balanced at 31 December 2018		14,651,746	1,198,354	15,850,100
Balanced at 1 January 2019		14,651,746	1,198,354	15,850,100
Realised Profit		-	551,336	551,336
Unrealised Profit		-	814,100	814,100
Creation of units		381,024	-	381,024
Cancellation of units		(14,102)	-	(14,102)
Distribution	7	-	(459,920)	(459,920)
Balanced at 31 December 2019		15,018,668	2,103,870	17,122,538

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>2019</u> RM	<u>2018</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from Unquoted Sukuk	472,500	472,500
Profit from Islamic Deposits	193,400	239,504
Hibah from Al-Wadiah Savings	147	55
Management fee paid	(127,022)	(118,066)
Trustee's fee paid	(3,387)	(3,149)
Payment for audit fee	(5,400)	(4,500)
Payment of Tax agent's fee	(1,200)	(1,000)
Payment of other expenses	(907)	(4,381)
Net cash generated from operating activities	<u>528,131</u>	<u>580,963</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	6,428	7,184
Payment of cancellation of units	(14,102)	-
Net cash (used in) generated from financing activities	<u>(7,674)</u>	<u>7,184</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	520,457	588,147
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,962,950	5,374,803
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>6,483,407</u>	<u>5,962,950</u>
CASH AND CASH EQUIVALENTS COMPRISE		
Al-Wadiah Savings	42,737	10,523
Islamic Deposits	6,440,670	5,952,427
	<u>6,483,407</u>	<u>5,962,950</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

PMB WHOLESALE SUKUK FUND (the "Fund") was constituted pursuant to the execution of a Master Deed dated 26 February 2015 (the "Deed") entered into between PMB Investment Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "retiring Trustee"). Pursuant to clause 3.3.1 of the Principal Deed, the retiring Trustee via notice dated 14 February 2017 served to the Manager, has expressed their desire to retire as the trustee of the Fund effective after 30 April 2017. Pursuant to clause 3.3.2 of the Principal Deed, the Manager via a letter dated 23 February 2017 has appointed AmanahRaya Trustees Bhd (the "Trustee") to replace the retiring Trustee as the trustee of the Fund and the Trustee is duly registered with Security Commission (SC) and has agreed to be the Trustee for the Fund effective 5 May 2017. The Fund commenced operations on 20 May 2015. It will continue operating until terminated by the Trustee as provided for in the Deed.

The principal activity of the Fund is to invest a minimum 70% of its Net Asset Value in Sukuk and the remaining portion in Islamic money market instruments, Islamic deposits and any other Shariah-compliant investments as may be agreed upon by the Manager and the Trustee.

The Manager is a company incorporated in Malaysia and is a wholly owned subsidiary of Pelaburan MARA Berhad. The principal activity of the Manager is the establishment and management of unit trust funds and corporate funds.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Unit Trust Fund operations are exposed to several risks including market risk (inclusive of price risk and interest rate risk), credit/default risk, liquidity risk, capital risk management and fair value estimation. Financial risk management is carried out through the system of internal control and investment restrictions outlined in the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (LOLA) in Malaysia and based on Shariah Principles.

(a) Market Risk

(i) Price Risk

This is the risk that the fair value of an investment in quoted Shariah-compliant securities and unquoted Sukuk will fluctuate because of changes in market prices (other than those arising from profit rate risk). The value of quoted Shariah-compliant securities and unquoted Sukuk may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's Net Asset Valuation (NAV) and price of units to fall as well as rise, and income produced by the Fund may also fluctuate. The price risk is managed through diversification and selection of quoted Shariah-compliant securities, unquoted Sukuk and other financial instruments within specified limits according to the Deeds.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

(ii) Profit Rate Risk

Movements in interest rate will have an impact on a management of a fund. This risk refers to the effect of profit/interest rate changes on the market value of Islamic money market instruments, Islamic deposit placements and sukuk. Any downward movement of the profit/interest rate may result in a loss of the expected return from the Fund's investments in Islamic money market instrument and Islamic deposit placement. The value of the sukuk has a tendency to move inversely with the movement of the profit/interest whereby the prices of the sukuk may fall when profit/interest rates rise, and vice versa.

The interest rate is a general indicator. Although the Fund does not invest in interest bearing instruments, the movement of the interest rate will have an impact on the profit rate of the Islamic money market instruments and Islamic deposit placement, and consequently affect the expected return of the Fund's investments.

The table below shows the sensitivity of changes in the rate of profit on the NAV of the Fund at the reporting date assuming all other variables held constant.

	Change in basis points	Change in basis points	Effect on Islamic profit Increase/ (Decrease)
		RM	RM
2019	217,498	+50/-50	63,733/(63,733)
2018	195,665	+50/-50	53,439/(53,439)

The above profit rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is a Shariah –compliant unit trust Fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All the investments are carried out for the fund are in accordance with Shariah requirement.

(b) Credit Risk

Credit risk relates to the creditworthiness of the issuers of the sukuk and their expected ability to make timely payment of profit and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the sukuk. In the case of rated sukuk, this may lead to a credit downgrade.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 31 DECEMBER 2019**

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

(b) Credit Risk (Cont.)

Default risk relates to the risk that an issuer of a sukuk either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the sukuk. This could adversely affect the value of the Fund

The maximum exposure to credit risk before any credit enhancements is carrying amount of the financial assets as set out below:

	<u>2019</u> RM	<u>2018</u> RM
Financial assets at fair value through profit or loss	10,954,850	10,140,750
Bank balance and Islamic deposits with licensed financial institutions	6,483,407	5,962,950
	<u>17,438,257</u>	<u>16,103,700</u>

(c) Liquidity Risk

Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the Fund hold assets that are illiquid, or are difficult to dispose of, the value of the Fund will be negatively affected when it has to sell such assets at unfavorable prices.

The Fund maintains sufficient level of Islamic liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Islamic liquid assets comprise cash, Islamic deposits with licensed financial institutions and other Shariah-compliant instruments which are capable of being converted into cash within 7 days.

The table below summaries the Fund's financial liabilities into relevant maturity grouping based on the remaining period as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	<u>Less than 1 month</u>	<u>2019 BETWEEN 1 month to 1 year</u>	<u>Total</u>
Amount due to Manager	11,147	-	11,147
Amount due to Trustee	297	-	297
Distribution payable	459,920	-	459,920
Other payables and accruals	-	6,400	6,400
Contractual cash outflows	<u>471,364</u>	<u>6,400</u>	<u>477,764</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

(c) Liquidity Risk (Cont.)

	Less than 1 month	2018 BETWEEN 1 month to 1 year	Total
Amount due to Manager	10,277	-	10,277
Amount due to Trustee	274	-	274
Distribution payable	374,596	-	374,596
Other payables and accruals	-	6,400	6,400
Contractual cash outflows	385,147	6,400	391,547

(d) Capital Risk Management

The Fund's capital represented by equity consisting of unitholders' capital and retained earnings. The amount of capital can fluctuate according to the daily subscription and redemption of units at the discretion of unitholders. The Fund's capital is managed in accordance with the objectives of the Fund while maintaining sufficient liquidity to meet redemption of units.

(e) Fair Value Estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in an active market (such as publicly traded Islamic derivatives and trading Shariah-compliant securities) are based on quoted market prices at the close of trading as at the year end date.

An active market is a market in which transactions for the assets and liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of assets and liabilities that are not traded in an active market is determined by using valuation techniques.

The carrying values of cash and cash equivalents, current liabilities are reasonable approximately of their fair values due to their short-term nature.

Fair Value Hierarchy

The fund classifies fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making measurements. The fair value hierarchy has the following level:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT)

e) Fair Value Estimation (Cont.)

Fair Value Hierarchy (Cont.)

- Quoted price (unadjusted) in an active market for identical assets or liabilities (level 1).
- Input other than quoted prices included within level 1 that are observable for the asset or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset and liability that are not based on observable market data (that is unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement entirely. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset and liability.

The determination of what constitutes “observable” requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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 (MFRS), International Financial Reporting Standards (IFRS), Guidelines on Unit Trust Funds by the Securities Commission Malaysia and the Securities Commission’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (LOLA).

The Fund has not yet adopted the following MFRS, that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation (Cont.)

		<u>Effective date</u>
MFRS 101	Definition of Material (Amendments to MFRS 101)	1 January 2020
MFRS 108	Definition of Material (Amendments to MFRS 108)	1 January 2020

The adoption of the above standards is not expected to have any material impact on the Fund's financial statements.

(b) Accounting Estimates and Judgements

The preparation of the Fund's financial statements in conformity with MFRS and IFRS requires the Manager to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities at the reporting date. Actual results may differ from these estimates.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in these financial statements.

(c) Income Recognition

Profit from Sukuk and Islamic Deposits savings are recognised on the accrual basis using the effective profit method. The profit from Islamic Deposit received by the Fund was derived from Malaysia and credited by any bank or financial institution licensed under the Financial Services Act 2013 or Islamic Financial and Services Act 2013 which are exempt from tax according to Income Tax 1967 (ITA 1967).

(d) Creation and Cancellation of Units

Proceeds from creation of units and payment of cancellation of units are based on the market value of the units comprising the share of capital and the portion of income at the date of the invention or disposition.

(e) Distribution Equalisation

Distribution equalisation is accounted for on the date of issue and depreciation based on the average amount of distributable income included in the unit price and disposals.

(f) Cash and Cash Equivalents

Cash and cash equivalents comprise of Islamic deposits and Al-Wadiah savings with banks and licensed financial institutions where such savings are based on Shariah Principles.

(g) Financial Instruments

Unless specifically disclosed below, the Fund generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Fund have elected not to restate the comparatives.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(g) Financial Instruments (Cont.)

(i) Recognition and Initial Measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

a) Amortised cost (AC)

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective profit method. The amortised cost is reduced by impairment losses. Profit income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Profit income is recognised by applying effective profit rate to the gross carrying amount except for credit impaired financial assets where the effective profit rate is applied to the amortised cost.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(g) Financial Instruments (Cont.)

b) Fair value through other comprehensive income (FVOCI)

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Profit income calculated using the effective profit method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss. For the purpose of the investment made by the Fund, debt investment or debt securities refer to sukuk.

Profit income is recognised by applying effective profit rate to the gross carrying amount except for credit impaired financial assets where the effective profit rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Fund irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment.

Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(g) Financial Instruments (Cont.)

- (ii) Financial instrument categories and subsequent measurement (Cont.)

Financial assets (Cont.)

c) Fair value through profit or loss (FVPL)

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any profit or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

Financial Liabilities

The categories of financial liabilities at initial recognition are as follows:

a) Fair value through profit or loss (FVPL)

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Fund may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(g) Financial Instruments (Cont.)

Financial Liabilities

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Fund's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any profit expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Fund recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

b) Amortised cost (AC)

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective profit method.

Profit expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

c) Provision

Provision is recognised only when the Fund has a present obligation (legal and constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(g) Financial Instruments (Cont.)

Financial Liabilities (Cont.)

c) Provision

Provision is reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(iii) 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 expired or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value.

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.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(g) Financial Instruments (Cont.)

(v) Unitholders' Contribution

The Unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity under the MFRS 132.

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

Distribution equalisation is accounted for at the date of creation and cancellation of units of the Fund. It represents the average amount of distributable income or loss included in the creation and cancellation prices of units.

(h) Impairment of Assets

(i) Financial assets

Unless specifically disclosed below, the Fund generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Fund elected not to restate the comparatives.

The Fund recognised loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Fund measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Fund consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information, where available.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(h) Impairment of Assets (Cont.)

(i) Financial assets (Cont.)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Fund are exposed to credit risk.

The Fund estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Fund assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Fund determines that the obligor does not have assets or sources of income that could generate sufficient cash flows to pay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Fund's procedures for recovery amounts due.

(ii) Other Assets

The carrying amounts of other assets (except for inventories, contract assets, lease receivables, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(h) Impairment of Assets (Cont.)

(ii) Other Assets (Cont.)

If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(i) Fair Value of financial instruments

The carrying values of the financial instruments recorded at the date of reporting approximate their fair values

4. INVESTMENTS

Details are as follows:-

	<u>2019</u> RM	<u>2018</u> RM
(a) Unquoted Sukuk	10,954,850	10,140,750
(b) Islamic deposits	6,440,670	5,952,427
Total Investments	17,395,520	16,093,177

Details of Unquoted Sukuk as at 31 December 2019 are set out as follows:

<u>Name of Counter</u>	<u>Nominal Value</u> RM	<u>Aggregate Cost</u> RM	<u>Fair Value As At 31/12/2019</u> RM	<u>Unrealised Loss</u> RM
Jambatan Kedua Sdn Bhd	5,000,000	5,000,000	5,355,700	355,700
Danainfra Nasional Bhd	5,000,000	5,170,500	5,599,150	428,650
Total	10,000,000	10,170,500	10,954,850	784,350

5. ISLAMIC DEPOSITS

Islamic deposits are with licensed financial institutions in Malaysia as follows:-

	<u>2019</u> RM	<u>2018</u> RM
(a) Islamic Banks	6,440,670	5,952,427
	6,440,670	5,952,427

Average profit during the financial year and average maturity period at the end of the financial year are as follows:-

	<u>Average Profit</u> %	<u>Number of days to maturity</u>
(a) Islamic Banks	3.41	90

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. AMOUNT DUE TO MANAGER

	2019 RM	2018 RM
Management fee accrued	<u>11,147</u>	<u>10,277</u>

7. DISTRIBUTION

Distributions to unitholders are recommended at the end of the financial year, depending on the performance of the Fund itself. The distribution of income in the form of units during the year ended 31 December 2019: 3.00 cent (gross) (net: 3.00 cent) [2018: 2.50 cent (gross) (net: 2.50 cent)].

Distribution declared are derived from the following sources:-

	<u>2019</u> RM	<u>2018</u> RM
Profit from Unquoted Sukuk	472,500	472,500
Profit from Islamic deposits	217,498	195,665
Hibah from Al-Wadiah savings	147	55
Undistributed profit for the year	<u>(91,416)</u>	<u>(161,778)</u>
	598,729	506,442
Expenses	(138,809)	(131,846)
Taxation	<u>-</u>	<u>-</u>
	<u>459,920</u>	<u>374,596</u>
Units in circulation	<u>15,330,674</u>	<u>14,983,849</u>
Gross distribution per unit (sen)	<u>3.00</u>	<u>2.50</u>
Net distribution per unit (sen)	<u>3.00</u>	<u>2.50</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. UNITHOLDERS' CAPITAL

	<u>2019</u>		<u>2018</u>	
	Unit	RM	Unit	RM
Balance b/f	14,983,849	14,651,746	14,623,849	14,278,966
Creation of units during the year	360,000	381,024	360,000	372,780
	<u>15,343,849</u>	<u>15,032,770</u>	14,983,849	14,651,746
Cancellation of units during the year	(13,175)	(14,102)	-	-
	<u>15,330,674</u>	<u>15,018,668</u>	14,983,849	14,651,746

9. NET ASSET VALUE PER UNIT

Net Asset Value per unit is calculated by dividing the total equity by the number of units in circulation at the end of the financial year.

10. PROFIT FROM UNQUOTED SUKUK AT FAIR VALUE THROUGH PROFIT AND LOSS

	<u>2019</u>	<u>2018</u>
	RM	RM
Unrealised profit /(loss) for the year	784,350	(29,750)
Less: Unrealised loss from previous year	(29,750)	(208,650)
	<u>814,100</u>	<u>178,900</u>

11. MANAGEMENT FEE

The paid to the Manager, PMB INVESTMENT BERHAD is computed on daily basis at 0.75% per annum on the Net Asset Value before deducting management fee and trustee fee for that particular day.

12. TRUSTEE'S FEE

The fee paid to the Trustee, AMANAHRAYA TRUSTEES BERHAD is computed on a daily basis of 0.02% per annum on the Net Asset Value before deducting management fee and trustee fee for the particular day.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. TAXATION

	<u>2019</u> RM	<u>2018</u> RM
Taxation for the year	-	-

Taxation is calculated at the Malaysian statutory tax rate of 24% on the estimated assessable profit for the period. A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:-

	<u>2019</u> RM	<u>2018</u> RM
Profit before taxation	1,365,436	715,274
Taxation at the rate of 24%	(327,705)	(171,666)
Tax effect of income not subject to tax	361,019	203,309
Tax effect of expenses not allowed	(33,314)	(31,643)
Tax expense for the year	-	-

14. TRANSACTIONS WITH DEALERS(1/1/2019-31/12/2019)

Name of Dealer	Value of Transaction RM	%
Bank Islam Malaysia Bhd.	9,209,409	39.37
RHB Islamic Bank Bhd.	8,039,099	34.37
Bank Muamalat Malaysia Bhd.	6,013,945	25.71
CIMB Islamic Bank Bhd.	130,000	0.55
Total Transaction	23,392,453	100.00

There is no commission & fee paid to dealer during the year ended 31 December 2019.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. MANAGER'S AND DIRECTORS' INTERESTS

Details of Manager's and Directors' interests in the Fund are as follows:-

(a) Unit Holding	<u>2019</u>	<u>2018</u>
PMB INVESTMENT BERHAD	Nil	6,937.50 unit worth RM7,338.49
Directors	Nil	Nil
(b) Expenses		
Management fee paid and accrued	RM127,892	RM118,511

The transaction between Fund Management related parties are based on normal business transaction. The holding of Manager's unit is based on beneficial holding.

16. MANAGEMENT EXPENSES RATIO (MER)

MER is calculated as follows:

	<u>2019</u>	<u>2018</u>
MER = $\frac{\text{Fees} + \text{Expenses incurred}}{\text{Average net asset value of Fund calculated on a daily basis}} \times 100$	0.81%	0.83%

17. PORTFOLIO TURNOVER RATIO (PTR)

PTR is calculated as follows:

	<u>2019</u>	<u>2018</u>
PTR = $\frac{(\text{Total acquisition} + \text{Total Disposals})/2}{\text{Average net asset value of Fund calculated on a daily basis}}$	0.69 times	1.76 times

The turnover ratio of the average amount of purchase cost and the sale of investment over the daily average net asset value of the Fund for the financial year ended .

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the period, the Fund adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Fund generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Fund has elected not to restate the comparatives.

19. FINANCIAL INSTRUMENTS

a) Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

- (i) The Fund have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.
- (ii) The following assessments have been made based on the facts and circumstances that existed at the date of initial application:
 - the determination of the business model within which a financial asset is held;
 - the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
 - the designation of certain investments in equity instruments not held for trading as at FVOCI.
- (iii) If an investment in a debt security had low credit risk at date of initial application of MFRS 9, the Fund has assumed that the credit risk on the asset had not increased significantly since its initial recognition.
- (iv) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

19. FINANCIAL INSTRUMENTS (CONT.)

The table below provides an analysis of financial instruments categories as follows:

- i) Amortised Cost (AC)
- ii) Fair Value Through Profit or Loss (FVPL)
- iii) Fair Value Through Other Comprehensive Income (FVOCI)

b) Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

2019	Reclassification to new MFRS 9 category			
	Carrying Amount	AC	FVPL	FVOCI
MFRS 139	RM	RM	RM	RM
Financial Assets				
Unquoted Sukuk	10,954,850	-	10,954,850	-
Islamic deposits with licensed financial institution in Malaysia	6,440,670	6,440,670	-	-
Profit from Unquoted Sukuk	129,782	129,782	-	-
Profit receivable from Islamic deposits	32,263	32,263	-	-
Al-Wadiah savings	42,737	42,737	-	-
	<u>17,600,302</u>	<u>6,645,452</u>	<u>10,954,850</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

19. FINANCIAL INSTRUMENTS (CONT.)

b) Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

	Reclassification to new MFRS 9 category	
	Carrying Amount RM	AC RM
MFRS 139		
Financial Liabilities		
Amount owing to Manager	11,147	11,147
Amount owing to Trustee	297	297
Distribution	459,920	459,920
Other payables and accruals	6,400	6,400
	<u>477,764</u>	<u>477,764</u>

Reclassification to new MFRS 9 category

2018	Carrying Amount RM	AC RM	FVPL RM	FVOCI RM
MFRS 139				
Financial Assets				
Unquoted Sukuk	10,140,750	-	10,140,750	-
Islamic deposits with licensed financial institution in Malaysia	5,952,427	5,952,427	-	-
Profit from Unquoted Sukuk	129,782	129,782	-	
Profit receivable from Islamic deposits	8,165	8,165	-	-
Al-Wadiah savings	10,523	10,523	-	-
	<u>16,241,647</u>	<u>6,100,897</u>	<u>10,140,750</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

19. FINANCIAL INSTRUMENTS (CONT.)

	Reclassification to new MFRS 9 category	
	Carrying Amount RM	AL RM
MFRS 139		
Financial Liabilities		
Amount owing to Manager	10,277	10,277
Amount owing to Trustee	274	274
Distribution payables	374,596	374,596
Other payables and accruals	6,400	6,400
	391,547	391,547

20. FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Ringgit Malaysia, which is the Fund's functional and presentation currency.

SCHEDULE A**LIST OF INVESTMENTS AS AT 31 DECEMBER 2019**

NO.	NAME OF INVESTMENT	COST	FAIR VALUE	PERCENTAGE OF NET ASSET VALUE
		RM	RM	%
A UNQUOTED SUKUK				
1	Jambatan Kedua Sdn. Bhd.	5,000,000	5,355,700	31.28
2	Danainfra Nasional Bhd	5,170,500	5,599,150	32.70
	Total Unquoted Sukuk	10,170,500	10,954,850	63.98

NO.	FINANCIAL INSTITUTION	TYPE	COST	FAIR VALUE	PERCENTAGE OF NET ASSET VALUE
			RM	RM	%
B ISLAMIC DEPOSITS					
1	Bank Islam Malaysia Bhd	Wafiah	1,848,403	1,862,694	10.88
2	Bank Muamalat Malaysia Bhd	Commodity	536,746	540,995	3.16
3	Bank Muamalat Malaysia Bhd	Commodity	92,810	93,545	0.55
4	Bank Muamalat Malaysia Bhd	Commodity	1,823,220	1,828,907	10.68
5	Bank Muamalat Malaysia Bhd	Commodity	100,000	100,271	0.58
6	RHB Islamic Bank Bhd	Commodity	2,039,491	2,046,521	11.95
			6,440,670	6,472,933	37.80
				17,427,783	101.78

9. BUSINESS INFORMATION NETWORK

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iFast Capital Sdn Bhd

Bank Simpanan Nasional

Phillip Mutual Berhad

CIMB Bank Berhad

KAF Investment Funds Berhad

Malayan Banking Berhad/Maybank Islamic Berhad

*TA Investment Management
Berhad*

RHB Bank Berhad/RHB Islamic Bank Berhad

Corporate Unit Trust Adviser (CUTA):

Genexus Advisory Sdn. Bhd

10. INFORMATION OF INVESTOR RELATION

CUSTOMER SERVICES

You may communicate with us via:-

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- E-mail : investorrelation@pelaburanmara.com.my

Our Customer Service Personnel would assist your queries on our unit trust funds.

NOTES TO PROSPECTIVE INVESTORS

This report is not an offer to sell units.

Prospective investor should read and understand the contents of the Prospectus. If you are in doubt, please consult your investment adviser on this scheme.

Past performance of the Fund is not an indication of future performance and unit prices and investment returns may fluctuate.



PMBINVESTMENT

Pengalaman. Keyakinan.

PMB INVESTMENT BERHAD (25439-D)
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