



PERMODALAN BSN BERHAD

A Wholly-Owned Subsidiary of BSN

BSN ISLAMIC TACTICAL FUND

INTERIM REPORT

For the Six Month Ended 30 June 2019

BSN ISLAMIC TACTICAL FUND

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BSN ISLAMIC TACTICAL FUND

MANAGER'S REPORT

Dear Unit Holders,

Permodalan BSN Berhad act as a Manager and AmanahRaya Trustees Berhad (ART) act as a Trustee for BSN Islamic Tactical Fund, are pleased to present the Interim Report of BSN Islamic Tactical Fund for the six months financial period ended 30 June 2019.

1. FUND INFORMATION

BSN Islamic Tactical Fund																				
Fund Type	Capital Growth Fund																			
Fund Category	Equity Fund (Islamic)																			
Investment Objective	The investment objective is to seek to provide capital appreciation over the medium to long term period through investment in growth shariah-compliant stocks.																			
Performance Benchmark	FTSE Bursa Malaysia EMAS Shariah Index (FBMSHA), based on percentage change of FBMSHA for the period under review.																			
Distribution Policy	Subject to the availability of income after deducting all fees and expenses, the Manager will distribute income once a year.																			
Unit Holdings	There are no unit holders invested in the Funds since launch/inception on 15 June 2017. <table border="1"><thead><tr><th>Size of Holdings</th><th>No. of Unitholders</th><th>No. of Units Held</th></tr></thead><tbody><tr><td>5,000 and below</td><td>-</td><td>-</td></tr><tr><td>5,001 – 10,000</td><td>-</td><td>-</td></tr><tr><td>10,001 – 50,000</td><td>-</td><td>-</td></tr><tr><td>50,001 – 500,000</td><td>-</td><td>-</td></tr><tr><td>500,001 and above</td><td>-</td><td>-</td></tr></tbody></table>		Size of Holdings	No. of Unitholders	No. of Units Held	5,000 and below	-	-	5,001 – 10,000	-	-	10,001 – 50,000	-	-	50,001 – 500,000	-	-	500,001 and above	-	-
Size of Holdings	No. of Unitholders	No. of Units Held																		
5,000 and below	-	-																		
5,001 – 10,000	-	-																		
10,001 – 50,000	-	-																		
50,001 – 500,000	-	-																		
500,001 and above	-	-																		

BSN ISLAMIC TACTICAL FUND

2. FUND PERFORMANCE

2.1 Achievement of BSN Islamic Tactical Fund

No performance available since there are no unit holders invested in the Funds since launch/inception on 15 June 2017.

2.2 Asset Allocation

No asset allocation.

Component of Asset Portfolio	%	
	30.06.2019	31.12.2018
Shariah-compliant investment in equity market	-	-
Cash	-	-
Total	-	-

2.3 Asset Allocation by Sector

No asset allocation by sector.

Sector	RM	
	30.06.2019	31.12.2018
Shariah-compliant investment in equity market :		
Construction	-	-
Consumer Product	-	-
Finance	-	-
Industrial Product	-	-
Plantation	-	-
Properties	-	-
Technologies	-	-
Trading & Services	-	-
Cash	-	-

BSN ISLAMIC TACTICAL FUND

2.4 Comparative Financial Information

Matters	30.06.2019	31.12.2018
Net Asset Value (RM'000)	-	-
Net Asset Value per Unit (RM)	-	-
Unit In Circulation ('000)	-	-
Selling Price per Unit (RM)	-	-
Buying Price per Unit (RM)	-	-
Selling Price per Unit (High) (RM)	-	-
Buying Price per Unit (High) (RM)	-	-
Selling Price per Unit (Low) (RM)	-	-
Buying Price per unit (Low) (RM)	-	-
Total Fund Return (Growth Capital) (%)	-	-
Total Fund Return(Distribution) (%)	-	-
Gross Distribution per Unit (Sen)	-	-
Net Distribution per Unit (Sen)	-	-
Date of payment	-	-
Management Expense Ratio (%) :	-	-
Portfolio Turnover Ratio (times) :	-	-

2.4.1 Management Expense Ratio

No management expense ratio.

2.4.2 Portfolio Turnover Ratio

No portfolio turnover ratio.

BSN ISLAMIC TACTICAL FUND

BASES OF CALCULATION

i. Portfolio Composition

Content portfolio is calculated according to the market price, where applicable on 30 June 2019.

ii. Net Asset Value (NAV)

The net asset value is recognized after deducting the total liabilities of the fund value of total asset value of the Fund. Net Asset Value (NAV) per unit is calculated by dividing the Net Asset Value of the Fund by the number of units in circulation.

iii. Selling Price per Unit

The sale price is the price per unit sold by the Managers to the unit holders taking into account the Net Asset Value at the end of the trading day divided by the number of units in circulation on that day and the service fee does not exceed 4.50%. This price will then be adjusted to the nearest one cent.

iv. Buying Price per Unit

The purchase price per unit is the price already bought by the Managers of unit holders who wish to sell back their investment units at the NAV per unit.

v. Capital Growth

Capital growth is calculated by taking the difference of the purchase price from year to year.

vi. Distribution

The distribution of income is the annual gross revenues of:

$$\frac{\text{Gross Dividend}}{\text{Sale Price on The First Day of the same year}} \times 100$$

vii. Management Expense Ratio

This ratio is the amount of management fees, trustee fees, audit fees, tax agent's fees and other administrative expenses divided by the average Net Asset Value of the Fund calculated on a daily basis.

$$\frac{\text{Fees of the unit trust fund + Recovered expenses of the unit trust fund}}{\text{Average value of the unit trust fund calculated on a daily basis}} \times 100$$

viii. Portfolio Turnover Ratio

The calculation is as follows:

$$\frac{(\text{Total acquisitions of the fund for the year} + \text{Total disposals of the fund for the year}) / 2}{\text{Average value of the unit trust fund for the year calculated on a daily basis}}$$

Note: Past performance of the Fund is not an indication of its future performance.

Unit prices and investment returns may go down, as well as up.

BSN ISLAMIC TACTICAL FUND

3. MANAGER'S REPORT

3.1 Fund and Benchmark Performance

No fund and benchmark performance available because there is no investment activity during the period.

Note: Past performance of the Fund is not an indication of its future performance.

Unit prices and investment returns may go down, as well as up.

BSN ISLAMIC TACTICAL FUND

3.2 Investment Policy and Strategy

The fund will invest in a diversified portfolio of Shariah-compliant securities that have growth potential. The fund is structured as an open-ended fund with minimum allocation of 70% of the Fund's NAV to be invested in Shariah-compliant securities listed in Bursa Malaysia.

3.3 Economic and Market Review

No economic and market review because no investment activities during the period.

3.4 Market Outlook

No market outlook because no investment activities during the period.

3.5 Distribution of Income

No distribution of income since lauched/inception date.

3.6 Policy on Rebates and Soft Commissions

No soft commissions received from the broker during the period.

3.7 Investment

No investment activities during the period.

3.8 Separation Unit

There is no separation unit performed for the period until 30 June 2019.

3.9 State of Affairs of the Fund

There is neither any significant change to the state affairs of the Fund nor any circumstances that materially affect any interests of the unit holders during the period under review.

However, effective from 1 March 2019 Tawafuq Consultancy Sdn. Bhd. has been appointed as the Shariah Adviser replacing IBFIM.

BSN ISLAMIC TACTICAL FUND

4. STATEMENT BY MANAGER

We, **DATUK YUNOS BIN ABD GHANI** and **ROSLANI BIN HASHIM**, being two of the directors of **PERMODALAN BSN BERHAD**, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 12 to 28 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of **BSN ISLAMIC TACTICAL FUND** as at 30 June 2019 and of its financial performance and cash flows for the financial period ended on that date and comply with the requirements of the Deed.

Signed in accordance with a resolution of the directors of the Manager

DATUK YUNOS BIN ABD GHANI
Director

ROSLANI BIN HASHIM
Director

Kuala Lumpur
Date : 15 August 2019

BSN ISLAMIC TACTICAL FUND

5. TRUSTEE'S REPORT

For the Six Months Financial Period Ended 30 June 2019

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of BSN ISLAMIC TACTICAL FUND for the six months financial period ended 30 June 2019. In our opinion, PERMODALAN BSN BERHAD, the Manager, has operated and managed BSN ISLAMIC TACTICAL 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 Unit Trust Funds for the six months financial period ended 30 June 2019.

Yours faithfully

AMANAHRAYA TRUSTEES BERHAD

HABSAH BINTI BAKAR

Chief Executive Officer

Kuala Lumpur, Malaysia

Date : 8 August 2019

BSN ISLAMIC TACTICAL FUND

6. SHARIAH ADVISER'S REPORT

To the Unitholders of BSN ISLAMIC TACTICAL FUND

We have acted as the Shariah Adviser of **BSN ISLAMIC TACTICAL FUND**. Our responsibility is to ensure that the procedures and processes employed by **PERMODALAN BSN BERHAD** are in accordance with Shariah principles.

In our opinion, **PERMODALAN BSN BERHAD** has managed and administered **BSN ISLAMIC TACTICAL FUND** in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the financial period from 1 January 2019 to 28 February 2019.

In addition, we also confirm that the investment portfolio of **BSN ISLAMIC TACTICAL FUND** comprises instruments which have been classified as Shariah-compliant by the Shariah Advisory Council of Bank Negara Malaysia. As for the instruments which are not classified as Shariah-compliant by the Shariah Advisory Council of Bank Negara Malaysia, we have reviewed the said instruments and opine that these instruments are designated as Shariah-compliant.

For and on behalf of the Shariah Adviser
IBFIM

NAZMI ASHRAF BIN MOHD NAZIM

Consultant (Shariah) /Designated Person Responsible for Shariah Advisory

Kuala Lumpur

Date: 15 August 2019

BSN ISLAMIC TACTICAL FUND

7. SHARIAH ADVISER'S REPORT

To the Unitholders of BSN ISLAMIC TACTICAL FUND

We have acted as the Shariah Adviser of **BSN ISLAMIC TACTICAL FUND**. Our responsibility is to ensure that the procedures and processes employed by **PERMODALAN BSN BERHAD** are in accordance with Shariah principles.

In our opinion, **PERMODALAN BSN BERHAD** has managed and administered **BSN ISLAMIC TACTICAL FUND** in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the financial period 1 March 2019 until ended 30 June 2019.

In addition, we also confirm that the investment portfolio of **BSN ISLAMIC TACTICAL FUND** comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission. As for the securities which are not certified by the Shariah Advisory Council of the Securities Commission, we have reviewed the said securities and opine that these securities are designated as Shariah-compliant.

For and on behalf of the Shariah Adviser
TAWAFUQ CONSULTANCY SDN BHD

MUHAMMAD AIMAN MOHAMAD SALMI
Director/ Principal Consultant/ Managing Advisor

Kuala Lumpur
Date: 15 August 2019

BSN ISLAMIC TACTICAL FUND**8. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019 (UNAUDITED)**

	NOTE	30.06.2019 RM	31.12.2018 RM
ASSET		-	-
OTHER ASSET			
Cash and cash equivalents	5	1,956	1,956
TOTAL ASSET		1,956	1,956
LIABILITY			
Amount owing to the manager		2,000	2,000
Accrual		4,000	4,000
TOTAL LIABILITY		6,000	6,000
EQUITY			
Unitholders' Contribution		-	-
Accumulated Loss		(4,044)	(4,044)
TOTAL EQUITY		(4,044)	(4,044)
TOTAL EQUITY AND LIABILITY		1,956	1,956
UNITS IN CIRCULATION		-	-
NET ASSET VALUE PER UNIT		-	-

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

BSN ISLAMIC TACTICAL FUND

9. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2019 (UNAUDITED)

	NOTE	30.06.2019 RM	31.12.2018 RM
INVESTMENT INCOME		-	-
LESS : EXPENSES			
Auditor remuneration		-	4,000
Administrative expenses		-	44
Manager's fee	6	-	-
Trustee's fee	7	-	-
		-	4,044
LOSS BEFORE TAXATION		-	(4,044)
Taxation	8	-	-
LOSS AFTER TAXATION		-	(4,044)
LOSS AFTER TAXATION IS MADE UP AS FOLLOWS:			
REALISED LOSS		-	(4,044)
UNREALISED LOSSES		-	-
		-	(4,044)
Distribution for the financial period			
Gross distribution per unit (sen)		-	-
Net distribution per unit (sen)		-	-

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

BSN ISLAMIC TACTICAL FUND

10. STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2019 (UNAUDITED)

	Unitholders' Contribution	Accumulated Loss	Total Net Asset Value
	RM	RM	RM
Balance at 1 January 2018	-	-	-
Net loss after tax	-	(4,044)	(4,044)
Contributions by and distribution to unitholders of the Fund :			
- Creation of units	-	-	-
- Cancellation of units	-	-	-
- Distribution reinvestment	-	-	-
Distribution	-	-	-
Balance at 31 December 2018	<u>-</u>	<u>(4,044)</u>	<u>(4,044)</u>
Balance at 1 January 2019	-	(4,044)	(4,044)
Net loss after tax	-	-	-
Contributions by and distribution to unitholders of the Fund :			
- Creation of units	-	-	-
- Cancellation of units	-	-	-
- Distribution reinvestment	-	-	-
Distribution	-	-	-
Balance at 30 June 2019	<u>-</u>	<u>(4,044)</u>	<u>(4,044)</u>

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

BSN ISLAMIC TACTICAL FUND**11. STATEMENT OF CASH FLOWS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2019 (UNAUDITED)**

	NOTE	30.06.2019 RM	31.12.2018 RM
CASH FLOWS FROM OPERATING AND INVESTING			
Amount owing to the manager		-	2,000
Payment of administrative expenses		-	(44)
NET CASH FLOWS FOR OPERATING AND INVESTING EXPENSES		-	1,956
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		-	1,956
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD			
		1,956	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
		1,956	1,956
CASH AND CASH EQUIVALENTS COMPRISE			
Islamic deposit with licensed financial institutions			
		-	-
Bank balance			
		1,956	1,956
		1,956	1,956

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

BSN ISLAMIC TACTICAL FUND

12. NOTES TO THE FINANCIAL STATEMENTS

1. THE FUND, PRINCIPAL ACTIVITIES AND THE MANAGER

BSN ISLAMIC TACTICAL FUND (hereinafter referred to as 'the Fund') was constituted pursuant to the execution of a Deed dated 6th April, 2017 between the Manager, Permodalan BSN Berhad, the Trustee, AmanahRaya Trustees Berhad and registered holders of the Fund.

The registered office and principal of business are located at Aras 19, Lot 1, Bangunan TH Selborn, 153 Jalan Tun Razak, and 50400 Kuala Lumpur.

The principal activity of the Fund is to invest in a portfolio of equity, equity-related securities, debentures, money market instruments and any such other securities and/or instruments as may be determined by the Manager that comply with Shariah requirements. Any material change to the investment objective of the Fund would require the unitholders' approval. The Fund was launched on 15th June, 2017.

The Manager, Permodalan BSN Berhad, a company incorporated in Malaysia, is a wholly-owned subsidiary of Bank Simpanan Nasional. The Manager is principally engaged in the management of the Fund and fund management activities.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors dated on 15 August 2019.

2. BASIS OF PREPARATION

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

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

MFRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Fund's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

BSN ISLAMIC TACTICAL FUND

(i) Impairment of Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The Fund does not have any loan.

(ii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Fund carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Fund uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit for the year.

(b) 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.

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, Islamic deposits with financial institutions and short-term, highly liquid Shariah-compliant 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.

(d) Financial Instruments

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

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

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Fund.

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A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Fund.

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 plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

(i) *Financial Assets*

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables financial assets, held-to-maturity Shariah-compliant investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Islamic derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Fund's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

- *Held-to-maturity Shariah-compliant Investments*

Held-to-maturity Shariah-compliant investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity Shariah-compliant investments are measured at amortised cost using the effective profit method less any impairment loss, with profit income recognised in profit and loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

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- *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective profit method, less any impairment loss. Profit is recognised by applying the effective profit rate, except for short-term receivables when the recognition of profit would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets. The Fund does not have any loan.

- *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale Shariah-compliant equity instruments are recognised in profit or loss when the Fund's right to receive payments is established.

Investments in Shariah-compliant equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(ii) *Financial Liabilities*

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit method other than those categorised as 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. Islamic derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(iii) *Unitholders' Contribution*

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

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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.

(iv) 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 the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity 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 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.

(e) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For a Shariah-compliant equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity Shariah-compliant investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective profit rate. The Fund does not have any loan.

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

(f) Net Asset Value Attributable To Unitholders

Net asset value attributable to unitholders represents the redemption amount that would be payable if the unitholders exercised the right to redeem units of the Fund at the end of the reporting period.

(g) Income Tax Expense

Income tax for the year comprises current and deferred tax.

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Current tax is the expected amount of income taxes payable in respect of the taxable income for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting date.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(h) Dividend Distribution

Dividend distributions are at the discretion of the Fund. A dividend distribution to the Fund's Unitholders is accounted for as a deduction from realised reserves except where dividend is sourced out of distribution equalisation which is accounted for as a deduction from Unitholders' capital. The amount is either refunded to unitholder by way of distribution and/or adjusted accordingly when units are cancelled.

Distributions are recognised as liabilities when approved for appropriation.

(i) Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or

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- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(j) Income Recognition

(i) Realised Gains or Losses on Sale of Shariah-compliant Investments

The realised gain or loss on the sale of Shariah-compliant investments represents the difference between the net disposal proceeds and the carrying amount of the Shariah-compliant investments, computed on the weighted average cost basis.

(ii) Dividend Income

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

(ii) Profit from Islamic deposits

Profit from Islamic deposit are recognised on an accrual basis.

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(k) Classification of Realised and Unrealised Gains and Losses

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

Realised gains and losses on disposals of financial instruments classified as part of "at fair value through profit or loss" represents the difference between the instruments' initial carrying amount and disposal proceeds.

(l) Operating Segments

For management purposes, the Fund is organised into one main operating segment, which invests in various types of investment including Shariah-compliant equity and sukuk. All of the Fund's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant decisions are based upon analysis of the Fund as one segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

(m) 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's 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: | Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities. |
| Level 2: | Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3: | Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). |

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

4. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the Fund's bank balance is in Islamic account with licensed financial institution.

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5. CASH AND CASH EQUIVALENTS

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

	30.06.2019 RM	31.12.2018 RM
Bank balance	<u>1,956</u>	<u>1,956</u>
	<u>1,956</u>	<u>1,956</u>

6. MANAGER'S FEE

The Manager's fee is computed based on 1.65% of the net asset value of the Fund calculated and accrued on a daily basis.

7. TRUSTEE'S FEE

The Trustee's fee is computed based on 0.06% of the net asset value of the Fund calculated and accrued on a daily basis.

8. TAXATION

	30.06.2019 RM	31.12.2018 RM
Current tax expense: - for the financial year	<u>-</u>	<u>-</u>

The taxation charge for the financial year is on taxable dividend income after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, profit earned by the Fund is exempted from tax.

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

	30.06.2019 RM	31.12.2018 RM
Net loss before taxation	<u>-</u>	<u>(4,044)</u>
Tax at the statutory tax rate of 24%	-	(971)
Tax effects of:-		
Non-taxable income	-	-
Non-deductible expenses	-	971
Unabsorbed Business Loss	-	-
Tax expense for the financial year	<u>-</u>	<u>-</u>

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9. FINANCIAL INSTRUMENTS

The Fund's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk and reclassification of Shariah status 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.

(a) Financial Risk Management Policies

The Fund is exposed to a variety of financial risks, which include foreign currency risk, interest rate risk, credit risk, stock risk, liquidity risk and reclassification of Shariah status risk. The overall financial risk management objective of the Fund is to mitigate capital losses.

Financial risk management is carried out through policy reviews, internal control systems and adherence to the investment powers and restrictions stipulated in the Securities Commission's Guidelines on Unit Trust Funds in Malaysia.

(i) Market Risk

Market risk arises due to changing market conditions as a result of regulatory, political, economic and business environment. Such changes can result in stock market fluctuations which may affect the Fund's underlying Shariah-compliant investments which will cause the net asset value of the Fund to fall or rise. Market risk cannot be eliminated but maybe reduced through diversification. The Manager diversify the portfolio and monitor the investment climate and market conditions to take measures, where necessary and appropriate, to mitigate this risk.

(i) Price Risk

The fund does not have any quoted Shariah-compliant investment, hence is not exposed to any price risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rate. Profit rates on Islamic deposits and placements with licensed financial institutions are determined based on prevailing market rates.

The Fund is not exposed to interest rate risk as the Fund's investments in financial instruments carry fixed profit rate and are measured at amortised cost. As such, sensitivity analysis is not disclosed.

It does not in any way suggest that this Fund will invest in conventional financial instruments.

(iii) Foreign Currency Risk

The Company does not have any foreign currency transactions, hence is not exposed to any currency risks.

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(ii) Credit Risk

Credit risk refers to the inability of an issuer or a counterparty to make timely payments of profit, principals and proceeds from realisation of Shariah-compliant investments.

Credit risk arising from placements of Islamic deposits in licensed financial institutions is managed by ensuring that the Fund will only place Islamic deposits in reputable licensed financial institutions.

For amount due from stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by Bursa Malaysia Securities Berhad. All transactions in listed Shariah-compliant securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of Shariah-compliant securities sold is only made once the broker has received payment.

Payment is made on a purchase once the Shariah-compliant securities have been received by the broker. If either party fails to meet their obligation, the trade will fail.

The settlement terms of the proceeds from the creation of units receivable from the Manager and redemption of units payable to the Manager are governed by the SC's Guidelines on Unit Trust Funds.

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

	30.06.2019 RM	31.12.2018 RM
Bank balance	<u>1,956</u>	<u>1,956</u>
	<u>1,956</u>	<u>1,956</u>

The exposure of credit risk for financial assets is solely within Malaysia.

The above-mentioned financial assets of the Fund are neither past due nor impaired.

(iii) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund shall not borrow in connection with its activities or lend any of its cash or investments unless permitted by the SC's Guidelines on Unit Trust Funds in Malaysia and any Guidance Notes issued by the SC from time to time or other laws or regulations pertaining to unit trusts.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows:-

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	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
<u>30.06.2019</u>			
Amount Due to The Manager	2,000	2,000	2,000
Accrual	4,000	4,000	4,000
Total financial liabilities	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
<u>31.12.2018</u>			
Amount Due to The Manager	2,000	2,000	2,000
Accrual	4,000	4,000	4,000
Total financial liabilities	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>

(iv) Reclassification of Shariah Status Risk

The risk is that the currently held Shariah-compliant securities in the portfolio of Islamic funds may be reclassified to be Shariah non-compliant upon review of the securities by the Shariah Advisory Council of the Securities Commission performed twice yearly. If this occurs, the Manager will take the necessary steps to dispose of such securities

There may be opportunity loss to the funds due to the funds not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant equities. The value of the funds may also be adversely affected in the event of a disposal of Shariah non-compliant equities at a price lower than the investment cost.

The Fund does not have any Shariah-compliant securities investments, hence is not exposed to reclassification of Shariah status risk.

(b) Capital Risk Management

The Fund Manager is responsible for identifying and controlling risks. The Board of Directors of the Manager is ultimately responsible for the overall risk management approach within the Fund.

Monitoring and controlling risk are primarily set up to be performed based on limits established by the Manager and the Trustee. These limits reflect the investment strategy and market environment of the Fund's Shariah-compliant investments as well as the level of the risk that Manager of the Fund is willing to accept. In addition, the Manager of the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk type and activities.

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The Fund has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy. The Manager also has a Compliance Department to ensure that the Fund complies with the various regulations and guidelines stipulated in its Trust Deed, the Securities Commission's Guidelines on Unit Trust Funds in Malaysia.

It is, and has been throughout the current and previous financial year, the Fund's policy that no Islamic derivatives shall be undertaken for either investment risk management purposes.

The capital is represented by unitholders' subscription to the Fund. The amount of capital can change significantly on a daily basis as the fund is subject to daily redemption and subscription at the discretion of unitholders. The Manager manages the Fund's capital in accordance with its objective, while maintaining sufficient liquidity to meet unitholders' redemption.

(b) Classification of Financial Instruments

	30.06.2019 RM	31.12.2018 RM
Financial Assets		
<u>Loans and receivables financial assets</u> *		
Islamic deposits with licensed financial institutions	-	-
Profit receivable	-	-
Bank balance	1,956	1,956
	<u>1,956</u>	<u>1,956</u>
Financial Liabilities		
<u>Other financial liabilities</u>		
Distribution payable	-	-
Amount Due to The Manager	2,000	2,000
Accrual	4,000	4,000
	<u>6,000</u>	<u>6,000</u>

* The Fund does not have loan.

(c) Fair Value Information

As at 30 June 2019, there were no financial instruments carried at fair values in the statement of financial position.

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CORPORATE INFORMATION

MANAGER

Permodalan BSN Berhad (319744-W)
License No.for Capital Market Services : CMSL/A0156/2007

REGISTERED/ BUSINESS OFFICE

Level 19, Lot 1,
Bangunan TH Selborn
153, Jalan Tun Razak,
50400 Kuala Lumpur
E - mail : info@pbsn.com.my
Tel : 03-2180 9000
Faks : 03-2681 0051
Website : www.pbsn.com.my

BOARD OF DIRECTORS

Datuk Yunos bin Abd Ghani
Dato' Dr. Gan Miew Chee @ Gan Khuan Poh
Encik Kamari Zaman bin Juhari
Encik Roslani bin Hashim
Encik Ahmad Latfan bin Mohd Amran
Encik Kamarul Izam bin Idrus

CHIEF EXECUTIVE OFFICER

Encik Kamarul Izam bin Idrus

COMPANY SECRETARY

Pn Nor Eliza bt Musa
MAICSA No 1035207

ADVOCATES & SOLICITORS

SOON, GAN DION & PARTNERS
1st Floor, No. 73, Jalan SS 21/1A
Damansara Utama
47400 Petaling Jaya

PRINCIPAL BANKER

Affin Islamic Bank Berhad
Kuala Lumpur Main,
133, Jalan Bunus
Off Jalan Masjid India
50100 Kuala Lumpur

TRUSTEE

AmanahRaya Trustees Berhad (766894-T)
Tingkat 2, Wisma AmanahRaya II
No. 21, Jalan Melaka
50100 Kuala Lumpur

BSN ISLAMIC TACTICAL FUND

SHARIAH ADVISER

Tawafuq Consultancy Sdn Bhd (1161491-M)
Unit 19-02, Level 19, Binjai 8 Suite,
No.2, Lorong Binjai,
50450 Kuala Lumpur.

SHARIAH ADVISER

IBFIM (763075-W)
Level 3, Menara Takaful Malaysia
Jalan Sultan Sulaiman
50000 Kuala Lumpur

AUDITOR

JAMAL, AMIN & PARTNERS (AF 1067)
60-2B, 2nd Floor, Jalan 2/23A,
Off Jalan Genting Klang,
Taman Danau Kota, Setapak,
53300 Kuala Lumpur

TAX ADVISER

CROWE KL TAX SDN BHD (10709-X)
(FKA Crowe Horwath KL Tax Sdn Bhd)
Level 15, Tower C
Megan Avenue 2
No. 12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

INDEPENDENT CONSULTANT

Novagni Analytics and Advisory Sdn Bhd (363145-W)
Level 42, Menara TH Perdana
1001, Jalan Sultan Ismail
50250 Kuala Lumpur

BSN ISLAMIC TACTICAL FUND

Managed by Permodalan BSN Berhad (319744-W)

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Tel : 03-2180 9020, 03-2180 9000 Fax : 03-2681 0051**

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