



**PBSN**

**PERSAHDALAN BSN BERHAD**  
A Wholly - Owned Subsidiary of BSN

# **BSN DANA DIVIDEN AL - IFRAH**

**INTERIM REPORT**  
**For the Six Month Ended**  
**30 June 2020**

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## BSN DANA DIVIDEN AL IFRAH

### MANAGER'S REPORT

Dear Unit Holders,

Permodalan BSN Berhad act as a Manager and AmanahRaya Trustee Berhad (ART) act as a Trustee for BSN Dana Dividen Al-Ifrac, are pleased to present the Interim Report of BSN Dana Dividen Al-Ifrac for the six months financial period ended 30 June 2020.

#### 1. FUND INFORMATION

| BSN Dana Dividen Al-Ifrac |  |                   |                  |                    |                   |                 |    |        |                |   |        |                 |   |        |                  |   |         |                   |   |             |
|---------------------------|--|-------------------|------------------|--------------------|-------------------|-----------------|----|--------|----------------|---|--------|-----------------|---|--------|------------------|---|---------|-------------------|---|-------------|
| Fund Type                 | Income Fund  |                   |                  |                    |                   |                 |    |        |                |   |        |                 |   |        |                  |   |         |                   |   |             |
| Fund Category             | Equity Fund (Islamic)  |                   |                  |                    |                   |                 |    |        |                |   |        |                 |   |        |                  |   |         |                   |   |             |
| Investment Objective      | <p>The fund seeks to provide consistent income* by investing in Shariah-compliant equities with attractive dividend** yield and/or potential dividend yield.</p> <p><i>*Note: Distribution of income will be done by way of reinvestment into additional Units.</i></p> <p><i>**Note: "Attractive dividend" refers to stocks of companies which have provided an average gross dividend of at least 3% for the past 3 years from the latest financial year.</i></p>  |                   |                  |                    |                   |                 |    |        |                |   |        |                 |   |        |                  |   |         |                   |   |             |
| Performance Benchmark     | FTSE Bursa Malaysia EMAS Shariah Index (FBMSHA)  |                   |                  |                    |                   |                 |    |        |                |   |        |                 |   |        |                  |   |         |                   |   |             |
| Distribution Policy       | Subject to the availability of income, the Manager will distribute income once a year.   |                   |                  |                    |                   |                 |    |        |                |   |        |                 |   |        |                  |   |         |                   |   |             |
| Unit Holdings             | <p>On 30 June 2020, a total of 25 people have invested in BSN Dana Dividen Al-Ifrac. Breakdown of unit holdings are as follows:</p> <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>12</td><td>22,505</td></tr><tr><td>5,001 – 10,000</td><td>6</td><td>36,183</td></tr><tr><td>10,001 – 50,000</td><td>4</td><td>87,752</td></tr><tr><td>50,001 – 500,000</td><td>2</td><td>308,780</td></tr><tr><td>500,001 and above</td><td>1</td><td>254,234,043</td></tr></tbody></table> |                   | Size of Holdings | No. of Unitholders | No. Of Units Held | 5,000 and below | 12 | 22,505 | 5,001 – 10,000 | 6 | 36,183 | 10,001 – 50,000 | 4 | 87,752 | 50,001 – 500,000 | 2 | 308,780 | 500,001 and above | 1 | 254,234,043 |
| Size of Holdings          | No. of Unitholders   | No. Of Units Held |                  |                    |                   |                 |    |        |                |   |        |                 |   |        |                  |   |         |                   |   |             |
| 5,000 and below           | 12   | 22,505            |                  |                    |                   |                 |    |        |                |   |        |                 |   |        |                  |   |         |                   |   |             |
| 5,001 – 10,000            | 6  | 36,183            |                  |                    |                   |                 |    |        |                |   |        |                 |   |        |                  |   |         |                   |   |             |
| 10,001 – 50,000           | 4  | 87,752            |                  |                    |                   |                 |    |        |                |   |        |                 |   |        |                  |   |         |                   |   |             |
| 50,001 – 500,000          | 2  | 308,780           |                  |                    |                   |                 |    |        |                |   |        |                 |   |        |                  |   |         |                   |   |             |
| 500,001 and above         | 1  | 254,234,043       |                  |                    |                   |                 |    |        |                |   |        |                 |   |        |                  |   |         |                   |   |             |

## BSN DANA DIVIDEN AL IFRAH

### 2. FUND PERFORMANCE

#### 2.1 Achievement of BSN Dana Dividen Al-Ifrah

For the period ended 30 June 2020, BSN Dana Dividen Al-Ifrah ("the Fund") registered a return of -4.44% year-to-dates (YTD) as compared to its Benchmark's return of 0.76% YTD, thus underperformed the Benchmark's return by 5.20%. For the six (6) months period, the Fund did not declare any dividend distribution. The Fund did not meet its investment objectives of providing investors with a capital appreciation and income opportunities during the period under review.

#### 2.2 Asset Allocation

Asset allocations for BSN Dana Dividen Al-Ifrah are as follows:

| Components of Asset Portfolio                 | %             |               |               |
|---|---------------|---------------|---------------|
|   | 30.06.2020    | 31.12.2019    | 31.12.2018    |
| Shariah-compliant investment in equity market | 73.85         | 79.57         | 71.01         |
| Cash  | 26.15         | 20.43         | 28.89         |
| <b>Total</b>                                  | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |

#### 2.3 Asset Allocation by Sector

| Sector  | RM         |            |            |
|---|------------|------------|------------|
|   | 30.06.2020 | 31.12.2019 | 31.12.2018 |
| Shariah-compliant investment in equity market : |            |            |            |
| Construction                                    | 1,700,644  | 1,395,080  | 1,170,000  |
| Consumer Products & Services                    | 3,012,361  | 5,094,932  | 6,564,096  |
| Energy  | -          | 1,233,216  | 2,050,623  |
| Financial Services                              | 2,043,547  | 1,430,000  | 2,188,820  |
| Health Care                                     | -          | -          | -          |
| Industrial Products & Services                  | 3,240,761  | 3,184,555  | 7,914,192  |
| Plantation                                      | 2,286,612  | 1,019,150  | 1,608,820  |
| Property  | 1,295,230  | 2,421,814  | -          |
| REITS   | 4,378,651  | 5,811,652  | 705,173    |
| Technology                                      | -          | 2,204,400  | 1,318,900  |
| Telecommunication & Media                       | 5,083,883  | 4,859,980  | 6,175,390  |
| Transportation & Logistics                      | 2,112,884  | 2,908,769  | 1,072,000  |
| Utilities                                       | 8,041,759  | 5,849,632  | 2,416,000  |
| Cash  | 12,066,471 | 11,282,035 | 13,548,495 |

## BSN DANA DIVIDEN AL IFRAH

### 2.4 Comparative Financial Information for the Period 3 Years

| Matters                                | 30.06.2020  | 31.12.2019  | 31.12.2018  |
|--|-------------|-------------|-------------|
| Net Asset Value (RM)                   | 44,949,193  | 47,018,294  | 46,732,509  |
| Net Asset Value per Unit (RM)          | 0.1764      | 0.1846      | 0.1831      |
| Unit In Circulation                    | 254,746,000 | 254,720,000 | 255,160,000 |
| Selling Price per Unit (RM)            | 0.1764      | 0.1846      | 0.1831      |
| Buying Price per Unit (RM)             | 0.1764      | 0.1846      | 0.1831      |
| Selling Price per Unit (High) (RM)     | 0.1852      | 0.1977      | 0.2280      |
| Buying Price per Unit (High) (RM)      | 0.1852      | 0.1977      | 0.2280      |
| Selling Price per Unit (Low) (RM)      | 0.1473      | 0.1801      | 0.1796      |
| Buying Price per unit (Low) (RM)       | 0.1473      | 0.1801      | 0.1796      |
| Total Fund Return (Capital Growth) (%) | -4.44       | 6.17        | -16.47      |
| Total Fund Return(Distribution) (%)    | -           | 5.35        | -           |
| Gross Distribution per Unit (%)        | -           | 0.98        | -           |
| Net Distribution per Unit (%)          | -           | 0.98        | -           |
| Date of payment                        | -           | 10/01/2020  | -           |
| Management Expense Ratio (%) :         | 1.15        | 2.24        | 2.29        |
| Portfolio Turnover Ratio (times) :     | 0.55        | 1.00        | 1.31        |

#### 2.4.1 Management Expense Ratio

The MER for the financial period is lower than previous financial year mainly due to MER only covers for a period of six months as compared to one year for 2019.

#### 2.4.2 Portfolio Turnover Ratio

The PTR for the financial period is lower than previous financial year mainly due to decrease in average trading activities.

## BSN DANA DIVIDEN AL IFRAH

### BASES OF CALCULATION

**i. Portfolio Composition**

Content portfolio is calculated according to the market price on 30 June 2020.

**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 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 4.5%. 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 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 DANA DIVIDEN AL IFRAH**

**3. MANAGER'S REPORT**

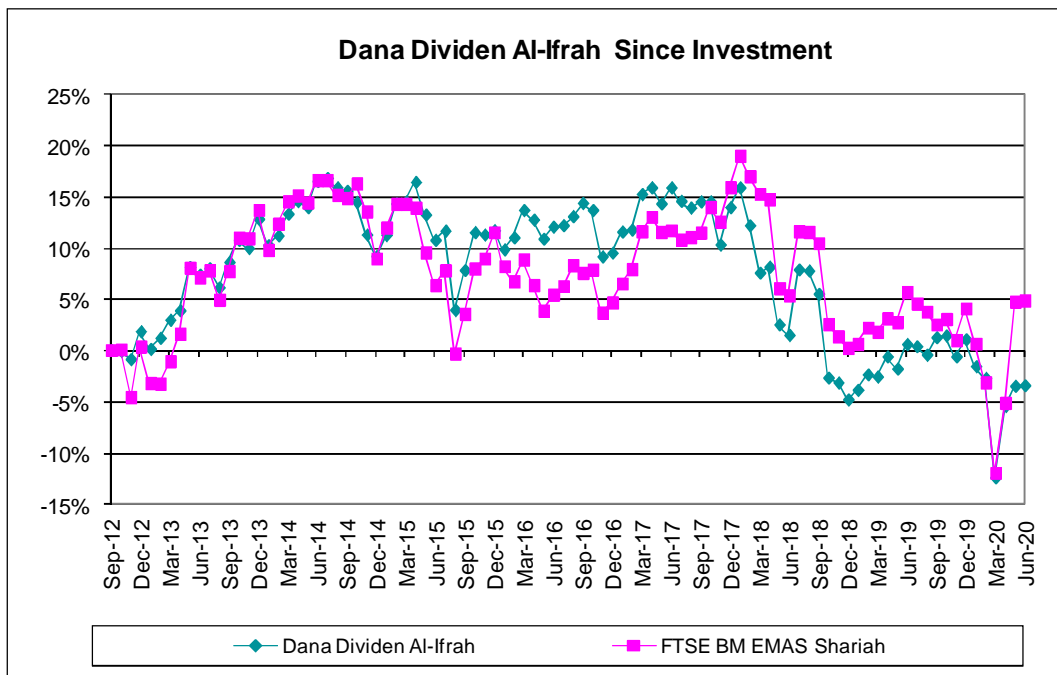
**3.1 Fund and Benchmark Performance**

For the period under review, the Fund registered a return of -4.44% year-to-date (YTD) as compared to its Benchmark's return of 0.76% YTD, thus underperformed the Benchmark's return by 5.20%.

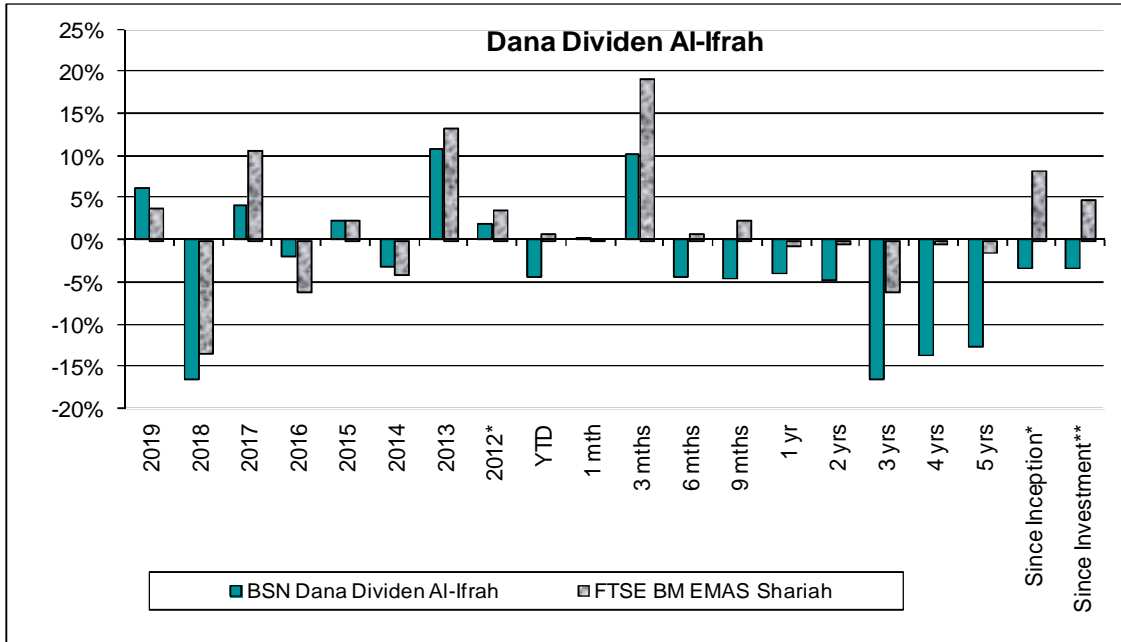
The selected performance benchmark for the Fund is FBM Emas Shariah Index.

As at 30 June 2020, the Fund has 73.85% exposure to equities and 26.15% to cash. The total Net Asset Value (NAV) of the Fund is RM44.95 million whereas the NAV per unit is RM0.1764.

The fund did not declare any interim distribution during the review period.



**BSN DANA DIVIDEN AL IFRAH**



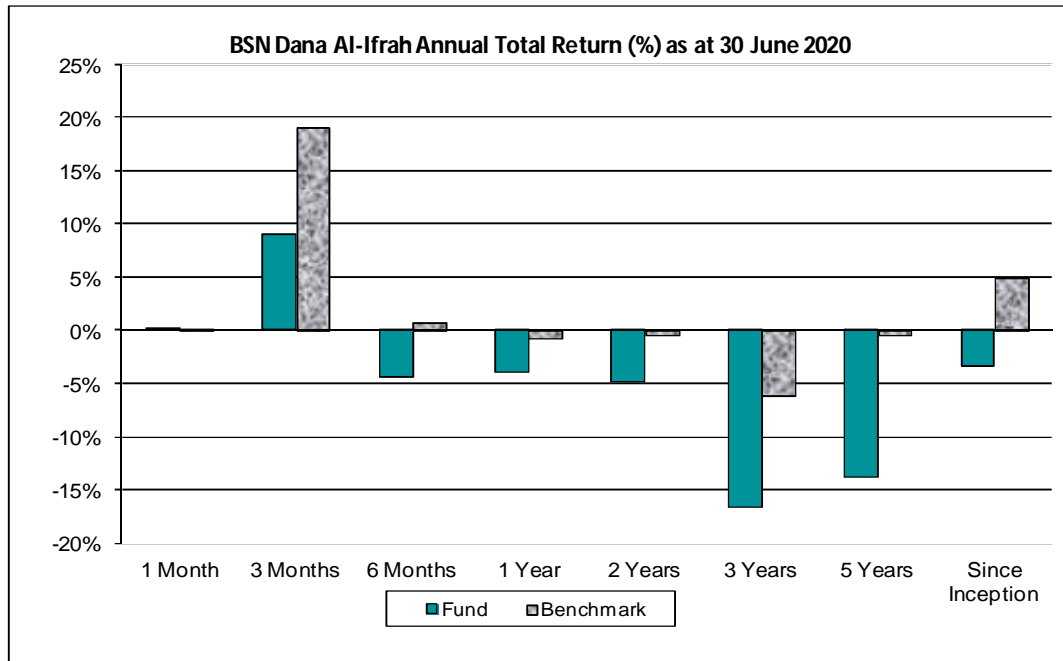
| <b>BSN Dana Dividen Al-Ifrac</b> |                           |                      |
|----------------------------------|---------------------------|----------------------|
|                                  | BSN Dana Dividen Al-Ifrac | FTSE BM EMAS Shariah |
| 2019                             | 6.17                      | 3.85                 |
| 2018                             | -16.47                    | -13.52               |
| 2017                             | 4.07                      | 10.72                |
| 2016                             | -1.97                     | -6.14                |
| 2015                             | 2.30                      | 2.35                 |
| 2014                             | -3.21                     | -4.17                |
| 2013                             | 10.76                     | 13.29                |
| 2012*                            | 1.88                      | 3.62                 |
| YTD                              | -4.44                     | 0.76                 |
| 1 mth                            | 0.06                      | 0.12                 |
| 3 mths                           | 10.25                     | 19.14                |
| 6 mths                           | -4.44                     | 0.76                 |
| 9 mths                           | -4.64                     | 2.30                 |
| 1 yr                             | -4.00                     | -0.77                |
| 2 yrs                            | -4.83                     | -0.44                |
| 3 yrs                            | -16.66                    | -6.11                |
| 4 yrs                            | -13.81                    | -0.53                |
| 5 yrs                            | -12.80                    | -1.39                |
| Since Inception*                 | -3.40                     | 8.28                 |
| Since Investment**               | -3.43                     | 4.86                 |

\* starts from 12 September 2012

\*\* starts from 12 October 2012

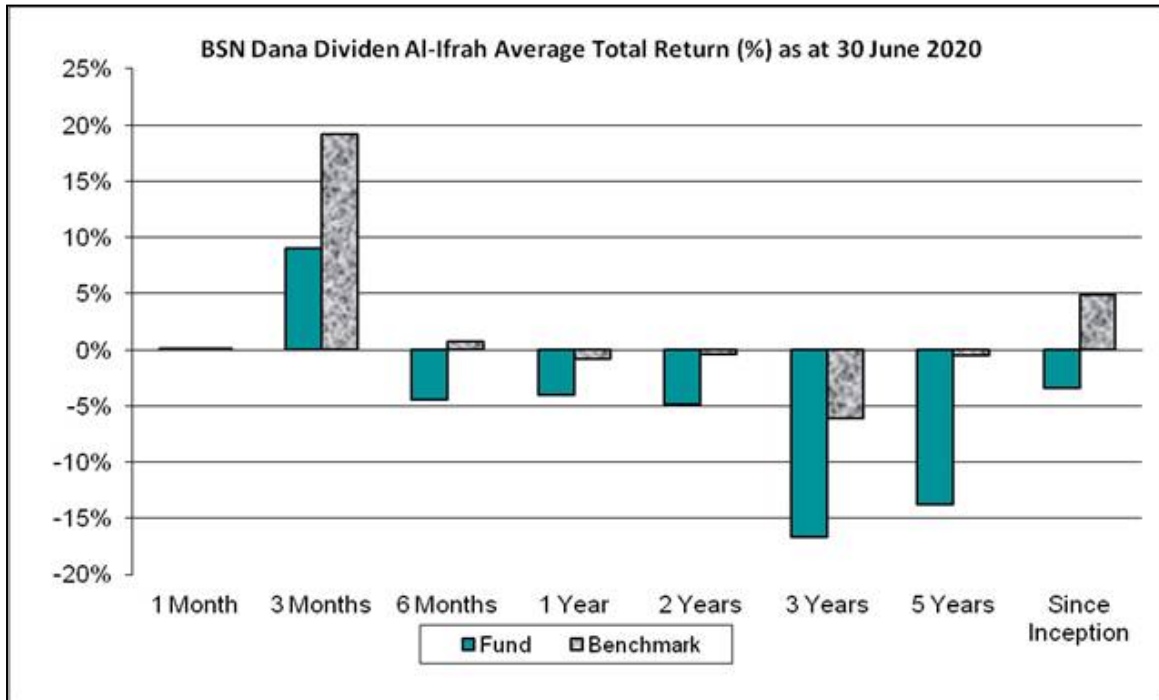


**BSN DANA DIVIDEN AL IFRAH**



| Annual Total Return |         |          |          |        |         |         |         |                 |
|---------------------|---------|----------|----------|--------|---------|---------|---------|-----------------|
|                     | 1 Month | 3 Months | 6 Months | 1 Year | 2 Years | 3 Years | 5 Years | Since Inception |
| <b>Fund</b>         | 0.68    | 47.75    | -8.69    | -4.00  | -2.45   | -5.89   | -4.83   | -0.45           |
| <b>Benchmark</b>    | 1.41    | 101.49   | 1.54     | -0.77  | -0.22   | -2.08   | -0.18   | 0.62            |

## BSN DANA DIVIDEN AL IFRAH



| Average Total Return |         |          |          |        |         |         |         |                 |
|----------------------|---------|----------|----------|--------|---------|---------|---------|-----------------|
|                      | 1 Month | 3 Months | 6 Months | 1 Year | 2 Years | 3 Years | 5 Years | Since Inception |
| <b>Fund</b>          | 0.06    | 9.00     | -4.44    | -4.00  | -4.83   | -16.66  | -13.81  | -3.43           |
| <b>Benchmark</b>     | 0.12    | 19.14    | 0.76     | -0.77  | -0.44   | -6.11   | -0.53   | 4.86            |

Source: All performance figures have been verified by Novagni Analytics and Advisory Sdn Bhd.

**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 DANA DIVIDEN AL IFRAH**

### **3.2 Investment Policy**

The policy for BSN Dana Dividen Al Ifrah is to invest in permitted investment, especially into Shariah-compliant shares which are listed on Bursa Malaysia and also into other type of Shariah-compliant instruments, in line with Securities Commission's Guidelines on Unit Trust Funds.

### **3.3 Economic and Market Review**

#### **3.3.1 Economic Review**

The global economy expanded at a moderate pace at the beginning of the year. The dissipation of US-China trade tension at the start of the year pointed to improving global trade activity. There is however potential downside risks arising from uncertain outlook related to trade negotiations, geopolitical risks, heightened volatility in financial markets, and weaker domestic growth due to weakness in commodity-related sectors and delays in implementation of infrastructure projects. Therefore, Bank Negara Malaysia (BNM) made a pre-emptive move of cutting the Overnight Policy Rate (OPR) by 25bps to 2.75% in January 2020. Subsequently BNM cut OPR by another 25 bps in March 2020, providing a more accommodative environment to support growth. Amid the ongoing COVID-19 outbreak that disrupted economy activity, BNM also reduced Statutory Reserve Requirement ratio from 3% to 2% and launched a six month loan moratorium for banks' retail and SME customers. On 27<sup>th</sup> March, the government revealed a RM250billion stimulus package to mitigate downside risk from COVID-19 outbreak and MCO. BNM cut OPR further by another 50 basis points to 2% in May 2020, as it seeks to stimulate economy growth amid the pandemic. Overall, BNM has cut OPR by a total of 100bps in 1H2020 and brought OPR down to 2%, the similar level during global financial crisis.

On the external front, China being the epicentre of the novel coronavirus outbreak saw its official manufacturing Purchasing Managers' Index (PMI) plunged to 35.7 in February, even lower than 38.8 reported in November 2008. The non-manufacturing PMI also dropped from 54.1 in January to 29.6 in February, the lowest since November 2011. Following the World Health Organization's declaration on Covid-19 as global pandemic on 11<sup>th</sup> March 2020, global economies entered into lockdown to prevent the spread of the virus. To alleviate recession risk from the Covid-19 pandemic, global central banks and governments announced a slew of monetary and fiscal stimulus. Some of these measures include the USD1 trillion lending facility readied by the International Monetary Fund (IMF), the US Fed rate cuts towards zero and unlimited QE program, EUR750billion Pandemic Emergency Purchase program by the European Central Bank and many others.

Economic data released in the developed markets continued to worsen in the month of May 2020 with the US reporting 1Q annualized GDP at -5.0% compared to 2.1% in 4Q. Nominal retail sales contracted 16.4% month-on-month in April while retail sales excluding autos, gasoline, building materials and food services contracted 15.3% month-on-month. Unemployment rate in the US was 14.7% in April. The Euro's Markit manufacturing PMI came in at 39.5 in May. Retail sales contracted 11.2% month-on-month in March compared to 0.6% expansion in February. The IMF projected 2020/21 global economy growth at -3%/+5.8% respectively and expects the recession to be more severe than global financial crisis. IMF said risk to outlook is still biased to the downside. Locally, Bank Negara released its economy outlook and projected 2020 GDP growth at a range of +0.5% to -2.0%.

### **3.3.2 Market Review**

Global equity markets experienced a sharp sell-off in February amid rising concerns over the impact of COVID-19 virus on economic activities and global growth. March was another brutal month as equities fell across all major markets with heightened volatility, as the virus spread exponentially in Europe and US, which prompted the World Health Organization to declare a global pandemic on 11<sup>th</sup> March 2020. Additionally, the breakdown of OPEC and Russia's talk to extend oil production cuts on the 6<sup>th</sup> March, and Saudi Arabia's subsequent decision to instead increase output led to a downward spiral in oil price to as low as USD22.7 per barrel, the lowest level since 2003. Equity markets recovered from April to June following aggressive easing by global central banks and massive fiscal stimulus unleashed by governments. Moderation of new infection cases for Covid-19 and lockdown easing in some countries also added to the positive sentiment.

The FBM Emas Shariah started the year at 11,947.92 points but fell sharply to the lowest point at 9,120.49 points on 19 March 2020 due to the worsening COVID-19 outbreak. The FBM Emas Shariah has since recovered to the high of 12,512.56 points on 10 June 2020 but closed at 12,039.29 points on 30 June 2020. In 1H2020, Malaysia witnessed net foreign outflow of RM16.5billion for the equity market, which exceeded 2019's net foreign selling of RM11 billion, due to the uninspiring corporate results, local political turmoil and global uncertainties.

### **3.4 Market Outlook and Strategy**

Despite near term improvement in sentiment as economies re-open, global markets are expected to remain volatile as markets digest the longer-term effects of the recession. Global growth remains deep in recessionary territory with most indicators recording historically worst prints. Nonetheless, an improvement in 3Q is expected, as economies come out of lockdown. Asset prices could remain buoyed as policymakers remain supportive, with historic fiscal support and various liquidity programs. Key risks include the possibility of a second or third wave of infections requiring further lockdowns, renewed worries on US-China trade tensions as Trump mounted attacks on China's handling of Covid-19 pandemic and outcome of the upcoming U.S. presidential election.

Overall, with economic data still worsening and downside risk to corporate earnings, we continue to remain selective on sectors which are less affected by the crisis and prefer sectors that see more resilient growth. As such, we remain defensive and maintain an overweight in utilities, telcos and REITS due to decent dividend yield and earnings growth while looking to add cyclicals and commodity stocks on weakness to position for a rebound. In the near term we will adopt a trading strategy to take advantage of market volatility.

### **3.5 Distribution of Income**

There were no income distributions made for the period under review.

## BSN DANA DIVIDEN AL IFRAH

### 3.6 Policy on Rebates and Soft Commissions

For the period ended 30 June 2020, the Manager and the appointed External Investment Manager received soft commission from brokers in the form of research materials. Any soft commissions received from the broker which are in the form of research material that assist in the decision-making process relating to the Fund's investment may be retained by the Manager and External Investment Manager. Any stock broking rebates received by the Manager and External Investment Manager will be directed to the account of the Fund.

### 3.7 Investment

| Sector              | Cost At           | Purchase          | Sold                | Mark up/                | Value At          |
|---------------------|-------------------|-------------------|---------------------|-------------------------|-------------------|
|                     | 01.01.2020        | At Cost           | At Cost             | down to<br>market value | 30.06.2020        |
|                     | RM                | RM                | RM                  | RM                      | RM                |
| Construction        | 1,399,218         | 1,411,764         | (862,335)           | (248,003)               | 1,700,644         |
| Consumer Products   | 5,474,031         | 2,111,327         | (3,969,320)         | (603,677)               | 3,012,361         |
| Energy              | 1,373,683         | 1,174,469         | (2,548,152)         | -                       | -                 |
| Financial Services  | 1,326,047         | 2,088,156         | (1,233,710)         | (136,946)               | 2,043,547         |
| Health Care         | -                 | -                 | -                   | -                       | -                 |
| Industrial Products | 3,486,486         | 2,737,715         | (2,393,811)         | (589,629)               | 3,240,761         |
| Plantation          | 911,961           | 1,978,708         | (595,655)           | (8,402)                 | 2,286,612         |
| Property            | 2,266,218         | 817,857           | (1,521,650)         | (267,195)               | 1,295,230         |
| REITS               | 5,853,374         | 1,275,583         | (3,045,330)         | 295,024                 | 4,378,651         |
| Technology          | 2,247,463         | 769,588           | (3,017,051)         | -                       | -                 |
| Telecommunication   | 4,961,487         | 4,020,552         | (3,771,779)         | (126,377)               | 5,083,883         |
| Transportation      | 2,792,408         | 677,304           | (1,224,218)         | (132,610)               | 2,112,884         |
| Utilities           | 6,031,456         | 4,175,056         | (1,716,018)         | (448,735)               | 8,041,759         |
|                     | <u>38,123,832</u> | <u>23,238,078</u> | <u>(25,899,029)</u> | <u>(2,266,550)</u>      | <u>33,196,332</u> |

### 3.8 Separation Unit

There is no separation unit performed for the period under review.

### 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.

**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 unaudited financial statements set out on pages 16 to 43 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 DANA DIVIDEN AL-IFRAH** as at 30 June 2020 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 : 14 August 2020

**BSN DANA DIVIDEN AL IFRAH**

**5. TRUSTEE'S REPORT**

For the Six Months Financial Period Ended 30 June 2020

To the Unit Holders of  
**BSN DANA DIVIDEN AL-IFRAH**

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of **BSN DANA DIVIDEN AL-IFRAH** for the six months financial period ended 30 June 2020. In our opinion, **PERMODALAN BSN BERHAD**, the Manager, has operated and managed **BSN DANA DIVIDEN AL-IFRAH** 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 2020.

We are also of the opinion that:

- (a) Valuation and pricing is carried out in accordance with the Deed and any regulatory requirement; and
- (b) Creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements.

Yours faithfully  
**AMANAHRAYA TRUSTEES BERHAD**

**ZAINUDIN BIN SUHAIMI**  
Deputy Chief Executive Officer

Kuala Lumpur, Malaysia  
Date : 24 July 2020

**6. SHARIAH ADVISER'S REPORT**

To the Unitholders of **BSN DANA DIVIDEN AL-IFRAH**

We have acted as the Shariah Adviser of **BSN DANA DIVIDEN AL-IFRAH**. 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 DANA DIVIDEN AL-IFRAH** 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 January 2020 until ended 30 June 2020.

In addition, we also confirm that the investment portfolio of **BSN DANA DIVIDEN AL-IFRAH** 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

Kuala Lumpur  
Date: 14 August 2020



**BSN DANA DIVIDEN AL IFRAH**

**7. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020 (UNAUDITED)**

|  | Note | 30.06.2020                | 31.12.2019                |
|--|------|---------------------------|---------------------------|
|  |      | RM                        | RM                        |
| <b>ASSETS</b>  |      |                           |                           |
| <b>SHARIAH-COMPLIANT INVESTMENTS</b>                 |      |                           |                           |
| Quoted Shariah-compliant equity investments          | 4    | 33,196,332                | 37,413,180                |
|  |      | <u>33,196,332</u>         | <u>37,413,180</u>         |
| <b>OTHER ASSETS</b>                                  |      |                           |                           |
| Islamic deposit with licensed financial institutions | 5    | 12,060,000                | 11,276,169                |
| Amount owing by stockbroking companies               |      | -                         | 1,002,483                 |
| Dividend receivable                                  |      | 72,653                    | 99,824                    |
| Profit receivable                                    |      | 596                       | 884                       |
| Tax recoverable                                      |      | 1,356                     | 1,356                     |
| Bank balance   |      | 5,875                     | 4,982                     |
|  |      | <u>12,140,480</u>         | <u>12,385,698</u>         |
| <b>TOTAL ASSETS</b>                                  |      | <u><u>45,336,811</u></u>  | <u><u>49,798,878</u></u>  |
| <b>LIABILITIES</b>                                   |      |                           |                           |
| Distribution payable                                 |      | -                         | 2,496,256                 |
| Amount owing to stockbroking companies               |      | 308,681                   | 202,217                   |
| Amount owing to Manager                              |      | 52,755                    | 60,452                    |
| Amount owing to Trustee                              |      | 2,216                     | 2,503                     |
| Accrual  |      | 23,440                    | 23,956                    |
| <b>TOTAL LIABILITIES</b>                             |      | <u><u>387,092</u></u>     | <u><u>2,785,384</u></u>   |
| <b>EQUITY</b>  |      |                           |                           |
| Unitholders' contribution                            | 7    | 62,938,245                | 62,933,451                |
| Accumulated losses                                   | 8    | (17,988,526)              | (15,919,957)              |
| <b>TOTAL EQUITY</b>                                  |      | <u>44,949,719</u>         | <u>47,013,494</u>         |
| <b>TOTAL EQUITY &amp; LIABILITIES</b>                |      | <u><u>45,336,811</u></u>  | <u><u>49,798,878</u></u>  |
| <b>UNITS IN CIRCULATION</b>                          | 7    | <u><u>254,746,000</u></u> | <u><u>254,720,000</u></u> |
| <b>NET ASSET VALUE PER UNIT (ex-distribution)</b>    |      | <u><u>0.1764</u></u>      | <u><u>0.1846</u></u>      |

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

**BSN DANA DIVIDEN AL IFRAH**

**8. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

|   | Note | 30.06.2020         | 31.12.2019       |
|---|------|--------------------|------------------|
|   |      | RM                 | RM               |
| INVESTMENT INCOME   |      |                    |                  |
| Net gain on financial assets at fair value through profit or loss:  |      |                    |                  |
| - realised (loss) / gain on sale of Shariah-compliant investments   |      | (1,036,685)        | 2,447,417        |
| - unrealised loss on changes in fair value of investments   |      | (1,555,898)        | (63,924)         |
| Dividend income   |      | 920,773            | 1,223,386        |
| Profit from Islamic deposits  |      | 121,370            | 351,612          |
| Other income  |      | -                  | 10               |
|   |      | <u>(1,550,440)</u> | <u>3,958,501</u> |
| LESS: EXPENSES  |      |                    |                  |
| Manager's fee   | 9    | 331,738            | 729,837          |
| Trustee's fee   | 10   | 13,270             | 29,193           |
| Administrative expenses   |      | 161,547            | 312,740          |
| Auditors' remuneration  |      | 6,982              | 14,000           |
| Tax agent's fee   |      | -                  | 9,600            |
|   |      | <u>513,536</u>     | <u>1,095,370</u> |
| NET (LOSS) / PROFIT BEFORE TAXATION   |      | (2,063,976)        | 2,863,131        |
| TAXATION  | 11   | (4,592)            | (1,853)          |
| NET (LOSS) / PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR   |      | <u>(2,068,568)</u> | <u>2,861,278</u> |
| OTHER COMPREHENSIVE INCOME  |      | -                  | -                |
| TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE FINANCIAL YEAR  |      | <u>(2,068,568)</u> | <u>2,861,278</u> |
| Net profit /(loss) after taxation/ Total Comprehensive Income for the financial year is made up of the following: |      |                    |                  |
| - Realised (loss) / gain  |      | (512,671)          | 2,925,202        |
| - Unrealised loss   |      | (1,555,898)        | (63,924)         |
|   |      | <u>(2,068,568)</u> | <u>2,861,278</u> |

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

**BSN DANA DIVIDEN AL IFRAH**

**9. STATEMENT OF CHANGES IN NET ASSET VALUE  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

| Note  | Unitholders'<br>Contribution<br>RM | Retained<br>Profit/<br>(Accumulated<br>Losses)<br>RM | Total<br>Net Asset<br>Value<br>RM |
|---|------------------------------------|--|-----------------------------------|
| Balance as at 1.1.2019  | 63,018,547                         | (16,284,979)   | 46,733,568                        |
| Net profit/(loss) after taxation/<br>Total comprehensive income<br>for the financial year | -                                  | 2,861,278  | 2,861,278                         |
| Contributions by and distribution<br>to unitholders of the Fund:                          |                                    |  |                                   |
| - Creation of units   | -                                  | -  | -                                 |
| - Cancellation of units   | (85,096)                           | -  | (85,096)                          |
| - Distribution reinvestment   | -                                  | -  | -                                 |
| - Distribution  | -                                  | (2,496,256)  | (2,496,256)                       |
| Total transaction with unitholders of the Fund  | (85,096)                           | (2,496,257)  | (2,581,352)                       |
| As at 31.12.2019/1.1.2020   | 62,933,451                         | (15,919,958)   | 47,013,493                        |
| Net profit/(loss) after taxation/<br>Total comprehensive income<br>for the financial year | -                                  | (2,068,568)  | (2,068,568)                       |
| Contributions by and distribution<br>to unitholders of the Fund:                          |                                    |  |                                   |
| - Creation of units   | 2,496,407                          | -  | 2,496,407                         |
| - Cancellation of units   | (2,491,613)                        | -  | (2,491,613)                       |
| - Distribution reinvestment   | -                                  | -  | -                                 |
| - Distribution  | -                                  | -  | -                                 |
| Total transaction with unitholders of the Fund  | 4,794                              | -  | 4,794                             |
| As at 30.06.2020  | 62,938,245                         | (17,988,526)   | 44,949,719                        |

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

**BSN DANA DIVIDEN AL IFRAH**

**10. STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

|   | Note      | 30.06.2020         | 31.12.2019         |
|---|-----------|--------------------|--------------------|
|   |           | RM                 | RM                 |
| <b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>                           |           |                    |                    |
| Proceeds from sale of Shariah-compliant investments                                 |           | 26,968,278         | 113,071,924        |
| Purchase of investments   |           | (24,239,746)       | (116,623,372)      |
| Dividend received   |           | 947,943            | 1,315,551          |
| Profit received   |           | 121,658            | 356,105            |
| Manager's fee paid  |           | (338,908)          | (729,033)          |
| Trustee's fee paid  |           | (13,556)           | (29,077)           |
| Audit fee paid  |           | (9,493)            | (14,000)           |
| Tax agent paid  |           | -                  | (4,800)            |
| Payment of administrative expenses  |           | (159,552)          | (308,736)          |
| Tax (paid)/refunded   |           | (456)              | (497)              |
| <b>NET CASH FLOWS GENERATED / (USED IN) FROM OPERATING AND INVESTING ACTIVITIES</b> |           | <b>3,276,167</b>   | <b>(2,965,935)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |           |                    |                    |
| Distribution paid   |           | (2,496,238)        | -                  |
| Proceeds from units created   |           | 2,496,407          | -                  |
| Reinvestment of units   |           | -                  | -                  |
| Payment for cancelled units   |           | (2,491,613)        | (85,096)           |
| <b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>                                  |           | <b>(2,491,444)</b> | <b>(85,096)</b>    |
| <b>NET INCREASE / (DECREASE)/ IN CASH AND CASH EQUIVALENTS</b>                      |           | <b>784,724</b>     | <b>(3,051,031)</b> |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR</b>          |           | <b>11,281,151</b>  | <b>14,332,183</b>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD/YEAR</b>                    | <b>12</b> | <b>12,065,875</b>  | <b>11,281,151</b>  |

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

## **BSN DANA DIVIDEN AL IFRAH**

### **11. NOTES TO THE FINANCIAL STATEMENTS**

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

BSN DANA DIVIDEN AL-IFRAH (hereinafter referred to as 'the Fund') was constituted pursuant to the execution of a Deed dated 9 February 2012 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, 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 12 September 2012.

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 14 August 2020.

#### **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 period:-

| <b>MFRSs and IC Interpretations (including the Consequential Amendments)</b> | <b>Effective Date</b> |
|--|-----------------------|
| MFRS 101 - Definition of Material (Amendments to MFRS 101)                   | 1 January 2020        |
| MFRS 108 - Definition of Material (Amendments to MFRS 108)                   | 1 January 2020        |

**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:

**(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**

**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.

**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.

**(i) 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.

**(ii) Fair value through other comprehensive income (FVOCI)**

**a) 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

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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.

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.

### **b) 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.

### **(iii) 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***

#### **(i) 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.



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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:

- if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- 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
- 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 is 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.

### **(ii) Amortised cost (AC)**

Other financial liabilities not categorised as fair value through profit or loss is 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.

### **(iii) Provisions**

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.

Provision are 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.

### **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

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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.

### **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.

### **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.

## **(e) Impairment of Financial Assets**

### **(i) Financial assets**

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.

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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. 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

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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.

### **(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.

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 year.

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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
- (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.

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- (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 Gain 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.

#### *(iii) Profit from Islamic deposits*

Profit from Islamic deposit are recognised on an accrual basis.

### **(k) Classification of Realised and Unrealised Gains and Losses**

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

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 investments and Islamic deposits. 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

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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.

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### 4. QUOTED SHARIAH-COMPLIANT INVESTMENTS

Quoted Shariah-compliant investments as at 30 June 2020 are as follows:-

| Quoted Shariah-compliant<br>Investment in Malaysia   | No. Of<br>Shares<br>Held<br>Unit | At<br>Cost<br>RM | At Market<br>Value<br>RM | % Of Net<br>Asset<br>Value At<br>30 June<br>2020<br>% |
|--|----------------------------------|------------------|--------------------------|---|
| <b>(i) Construction</b>                              |                                  |                  |                          |   |
| Gabungan AQRS Berhad                                 | 818,400                          | 974,515          | 695,640                  | 1.55  |
| Gamuda Berhad  | 50,500                           | 161,506          | 183,820                  | 0.41  |
| Sunway Construction Group Berhad                     | 436,800                          | 812,626          | 821,184                  | 1.83  |
|  | <u>1,305,700</u>                 | <u>1,948,647</u> | <u>1,700,644</u>         | <u>3.79</u>   |
| <b>(ii) Consumer Products &amp; Services</b>         |                                  |                  |                          |   |
| Ajinomoto (M) Berhad                                 | 18,800                           | 402,917          | 319,600                  | 0.71  |
| Bermaz Auto Berhad                                   | 383,700                          | 854,958          | 567,876                  | 1.26  |
| Padini Holdings Berhad                               | 209,000                          | 768,560          | 520,410                  | 1.16  |
| Power Root Berhad                                    | 713,100                          | 1,589,603        | 1,604,475                | 3.57  |
|  | <u>1,324,600</u>                 | <u>3,616,038</u> | <u>3,012,361</u>         | <u>6.70</u>   |
| <b>(iii) Financial Services</b>                      |                                  |                  |                          |   |
| BIMB Holdings Berhad                                 | 354,600                          | 1,417,468        | 1,212,732                | 2.70  |
| Syarikat Takaful Malaysia Berhad                     | 186,700                          | 763,025          | 830,815                  | 1.85  |
|  | <u>541,300</u>                   | <u>2,180,493</u> | <u>2,043,547</u>         | <u>4.55</u>   |
| <b>(iv) Industrial Products</b>                      |                                  |                  |                          |   |
| Perusahaan Sadur Timah Malaysia<br>(Perstima) Berhad | 35,600                           | 230,199          | 146,316                  | 0.33  |
| SKP Resources Berhad                                 | 664,100                          | 884,024          | 896,535                  | 1.99  |
| Sunway Berhad  | 1,112,800                        | 1,904,017        | 1,524,536                | 3.39  |
| V.S Industry Berhad                                  | 694,200                          | 812,151          | 673,374                  | 1.50  |
|  | <u>2,506,700</u>                 | <u>3,830,390</u> | <u>3,240,761</u>         | <u>7.21</u>   |
| <b>(v) Plantation</b>                                |                                  |                  |                          |   |
| Kuala Lumpur Kepong Berhad                           | 62,200                           | 1,389,392        | 1,380,840                | 3.07  |
| Sime Darby Plantation                                | 184,100                          | 905,622          | 905,772                  | 2.02  |
|  | <u>246,300</u>                   | <u>2,295,014</u> | <u>2,286,612</u>         | <u>5.09</u>   |
| <b>(vi) Property</b>                                 |                                  |                  |                          |   |
| Matrix Concepts Holdings Berhad                      | 388,600                          | 740,052          | 703,366                  | 1.56  |
| Paramount Corporation Berhad                         | 650,400                          | 822,373          | 591,864                  | 1.32  |
|  | <u>1,039,000</u>                 | <u>1,562,425</u> | <u>1,295,230</u>         | <u>2.88</u>   |



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| <b>Quoted Shariah-compliant Investment in Malaysia</b>                      | No. Of Shares Held | At Cost           | At Market Value   | % Of Net Asset Value At 30 June 2020 |
|---|--------------------|-------------------|-------------------|--------------------------------------|
|   | Unit               | RM                | RM                | %                                    |
| <b>(vii) REITS</b>  |                    |                   |                   |                                      |
| Al-Aqar Healthcare REIT   | 474,900            | 635,200           | 655,362           | 1.46                                 |
| Axis Real Estate Investment Trust   | 1,139,709          | 2,074,485         | 2,347,801         | 5.22                                 |
| KLCC Property Holdings Berhad   | 172,800            | 1,373,941         | 1,375,488         | 3.06                                 |
|   | <u>1,787,409</u>   | <u>4,083,626</u>  | <u>4,378,651</u>  | <u>9.74</u>                          |
| <b>(viii) Telecommunication &amp; Media</b>                                 |                    |                   |                   |                                      |
| Axiata Group Berhad   | 553,800            | 2,232,712         | 1,965,990         | 4.37                                 |
| Digi.com Berhad   | 285,300            | 1,245,678         | 1,229,643         | 2.74                                 |
| Telekom Malaysia Berhad   | 455,000            | 1,731,870         | 1,888,250         | 4.20                                 |
|   | <u>1,294,100</u>   | <u>5,210,260</u>  | <u>5,083,883</u>  | <u>11.31</u>                         |
| <b>(ix) Transportation &amp; Logistics</b>                                  |                    |                   |                   |                                      |
| MISC Berhad   | 115,400            | 898,006           | 883,964           | 1.97                                 |
| Westports Holdings Berhad   | 323,400            | 1,347,488         | 1,228,920         | 2.73                                 |
|   | <u>438,800</u>     | <u>2,245,494</u>  | <u>2,112,884</u>  | <u>4.70</u>                          |
| <b>(x) Utilities</b>  |                    |                   |                   |                                      |
| Gas Malaysia Berhad   | 358,700            | 1,015,587         | 1,004,360         | 2.23                                 |
| Malakoff Corporation Berhad   | 1,142,300          | 1,004,549         | 1,039,493         | 2.31                                 |
| Mega First Corporation Berhad   | 248,600            | 1,426,603         | 1,561,208         | 3.47                                 |
| Taliworks Corporation Berhad  | 1,055,700          | 959,289           | 886,788           | 1.97                                 |
| Tenaga Nasional Berhad  | 305,500            | 4,084,465         | 3,549,910         | 7.90                                 |
|   | <u>3,110,800</u>   | <u>8,490,494</u>  | <u>8,041,759</u>  | <u>17.88</u>                         |
| <b>TOTAL PORTFOLIO INVESTMENTS AS AT 30 JUNE 2020</b>                       | <u>13,594,709</u>  | <u>35,462,881</u> | <u>33,196,332</u> | <u>73.85</u>                         |
| <b>UNREALISED LOSS ON CHANGES IN FAIR VALUE</b>                             |                    | (2,266,550)       |                   |                                      |
| <b>FAIR VALUE OF QUOTED SHARIAH-COMPLIANT SECURITIES AS AT 30 JUNE 2020</b> |                    | <u>33,196,332</u> |                   |                                      |

## 5. ISLAMIC DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The effective rates of return of the Islamic deposits at the end of the reporting period ranged from 1.75% - 1.85% per annum. The Islamic deposits are placed on daily basis.

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### 6. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investments portfolio of the Fund is Shariah-compliant, which comprises:

- (i) Equity securities listed on Bursa Malaysia which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission of Malaysia; and
- (ii) Liquid assets, which are placed in the Shariah-compliant investments and/or instruments.

### 7. UNITHOLDERS' CONTRIBUTION

|                       | 30.06.2020         |                   | 31.12.2019         |                   |
|-----------------------|--------------------|-------------------|--------------------|-------------------|
|                       | Unit               | RM                | Unit               | RM                |
| At 1 January          | 254,720,000        | 62,933,451        | 255,160,000        | 63,018,547        |
| Creation of units     | 13,538,000         | 2,496,407         | -                  | -                 |
| Reinvestment units    | -                  | -                 | -                  | -                 |
| Cancellation of units | (13,512,000)       | (2,491,613)       | (440,000)          | (85,096)          |
|                       | <u>254,746,000</u> | <u>62,938,245</u> | <u>254,720,000</u> | <u>62,933,451</u> |

### 8. ACCUMULATED LOSSES

The breakdown of the retained profits as at the end of the reporting period is as follows:-

|                   | 30.06.2020          | 31.12.2019          |
|-------------------|---------------------|---------------------|
|                   | RM                  | RM                  |
| Realised loss     | (15,721,976)        | (15,209,307)        |
| Unrealised (loss) | (2,266,550)         | (710,650)           |
|                   | <u>(17,988,526)</u> | <u>(15,919,957)</u> |

### 9. MANAGER'S FEE

The Manager's fee is computed based on 1.5% (2019 - 1.5%) of the net asset value of the Funds calculated on a daily basis.

### 10. TRUSTEE'S FEE

The Trustee's fee is computed based on 0.06% (2019 - 0.06%) of the net asset value calculated on a daily basis.

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### 11. TAXATION

|                          | <u>30.06.2020</u> | <u>31.12.2019</u> |
|--------------------------|-------------------|-------------------|
|                          | RM                | RM                |
| Current tax expense:     |                   |                   |
| - for the financial year | 4,592             | 1,853             |

The taxation charge for the financial period 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.

The statutory tax rate for the financial year is to 24%.

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

|                                      | <u>30.06.2020</u> | <u>31.12.2019</u> |
|--------------------------------------|-------------------|-------------------|
|                                      | RM                | RM                |
| (Loss) / Profit before taxation      | (2,063,976)       | 2,863,131         |
| Tax at the statutory tax rate of 24% | (495,354)         | 687,151           |
| Non-deductible expenses              | 123,249           | 262,889           |
| Non-taxable income                   | -                 | -                 |
| Unabsorbed business losses           | 372,106           | (950,040)         |
| Local withholding tax                | 4,592             | 1,853             |
|                                      | <u>4,592</u>      | <u>1,853</u>      |

### 12. CASH AND CASH EQUIVALENTS

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

|   | <u>30.06.2020</u> | <u>31.12.2019</u> |
|---|-------------------|-------------------|
|   | RM                | RM                |
| Islamic deposits with licensed financial institutions | 12,060,000        | 11,276,169        |
| Cash and bank   | 5,875             | 4,982             |
|   | <u>12,065,875</u> | <u>11,281,151</u> |

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### 13. UNITS HELD BY THE MANAGER AND RELATED PARTIES

|   | Value At NAV       |                   |                    |                   |
|---|--------------------|-------------------|--------------------|-------------------|
|   | 30.06.2020         |                   | 31.12.2019         |                   |
|   | UNIT               | RM                | UNIT               | RM                |
| Bank Simpanan Nasional<br>(Holding company of<br>the Manager)<br>(The units are held<br>legally)  | 254,234,043        | 44,846,885        | 254,234,043        | 46,931,604        |
| Permodalan BSN Berhad<br>(The Manager, wholly<br>owned by BSN)<br>(The units are held<br>legally) | 56,737             | 10,008            | 53,709             | 9,915             |
|   | <u>254,290,780</u> | <u>44,856,893</u> | <u>254,287,752</u> | <u>46,941,519</u> |

### 14. TRANSACTIONS WITH STOCKBROKING COMPANIES

Transaction with stockbroking companies during the financial period are as follows:-

| Name of Stockbroker                   | Value of           | Percentage      | Brokerage      | Percentage    |
|---------------------------------------|--------------------|-----------------|----------------|---------------|
|                                       | trade              | of total trades | fees and       | of total      |
|                                       | RM                 | %               | commissions    | fees and      |
|                                       |                    |                 | RM             | commissions   |
|                                       |                    |                 |                | %             |
| <u>30.06.2020</u>                     |                    |                 |                |               |
| AffinHwang Investment Bank Bhd        | 5,613,951          | 11.66           | 13,588         | 11.63         |
| AmlInvestment Bank Berhad             | 7,822,614          | 16.24           | 18,941         | 16.20         |
| CIMB Investment Bank Berhad           | 7,180,407          | 14.91           | 17,696         | 15.14         |
| Hong Leong Investment Bank Bhd        | 1,271,922          | 2.64            | 3,080          | 2.63          |
| KAF Equities Sdn Bhd                  | 5,289,110          | 10.98           | 12,791         | 10.94         |
| Maybank Investment Bank Berhad        | 6,260,333          | 13.00           | 15,138         | 12.95         |
| MIDF Amanah Investment Bank<br>Berhad | 4,588,967          | 9.53            | 11,102         | 9.50          |
| RHB Investment Bank Berhad            | 10,139,093         | 21.05           | 24,547         | 21.00         |
|                                       | <u>48,166,398</u>  | <u>100.00</u>   | <u>116,882</u> | <u>100.00</u> |
| <u>31.12.2019</u>                     |                    |                 |                |               |
| AffinHwang Investment Bank Bhd        | 46,686,952         | 21.47           | 105,113        | 22.00         |
| Alliance Investment Bank Berhad       | 1,342,273          | 0.62            | 3,086          | 0.65          |
| CIMB Investment Bank Berhad           | 23,870,276         | 10.98           | 58,732         | 12.29         |
| Hong Leong Investment Bank Bhd        | 1,406,315          | 0.65            | 3,236          | 0.68          |
| JF Apex Securities Berhad             | 26,752,053         | 12.30           | 48,226         | 10.09         |
| M&A Securities Sdn Bhd                | 21,480,892         | 9.88            | 38,739         | 8.11          |
| Maybank Investment Bank Berhad        | 19,220,376         | 8.84            | 44,195         | 9.25          |
| MIDF Amanah Investment Bank<br>Berhad | 40,656,352         | 18.69           | 93,536         | 19.58         |
| RHB Investment Bank Berhad            | 36,068,770         | 16.58           | 82,907         | 17.35         |
|                                       | <u>217,484,259</u> | <u>100.00</u>   | <u>477,770</u> | <u>100.00</u> |

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### 15. MANAGEMENT EXPENSE RATIO

The management expense ratio for the current financial period is 1.15% (2019 – 2.24%). It is the ratio of all the fees deducted from the Fund including Manager's fee, Trustee's fee, auditors' fee, tax agent's fee plus expense charged to the Fund expressed as a percentage of the Fund's average net asset value, calculated on a monthly basis.

### 16. PORTFOLIO TURNOVER RATIO

The portfolio turnover ratio for the current financial period is 0.55 (2019 – 1.00 times). It is the ratio of the average of the total acquisitions and disposals of Shariah-compliant investments of the Fund over the average net asset value of the Fund.

### 17. RELATED PARTY TRANSACTIONS

- (a) Identities of related parties  
The Fund has related party relationships with the Manager and the trustee.
- (b) In addition to the balance detailed elsewhere in the financial statements, the Fund carried out the following transactions with the related party during the financial period:

|               | 30.06.2020 | 31.12.2019 |
|---------------|------------|------------|
|               | RM         | RM         |
| Manager's fee | 331,738    | 729,837    |
| Trustee's fee | 13,270     | 29,193     |

### 18. OPERATING SEGMENTS

The Manager and Investment Committee of the Fund are responsible for allocating resources available to the Fund in accordance with the overall investment strategies as set out in the Investment Guidelines of the Fund. The following table provides an analysis of the income and assets by investment segments:

|   | SEGMENT INCOME |            |
|---|----------------|------------|
|   | 30.06.2020     | 31.12.2019 |
|   | RM             | RM         |
| Net gain/(loss) on financial assets at fair value through profit or loss: |                |            |
| - realised (loss) / gain on sale of Shariah-compliant investments         | (1,036,685)    | 2,447,417  |
| - unrealised loss on changes in fair value of investments                 | (1,555,898)    | (63,924)   |
| Dividend income   | 920,773        | 1,223,386  |
| Profit from Islamic deposits  | 121,370        | 351,612    |
| Other income  | -              | 10         |
| Total segment (loss) / income   | (1,550,440)    | 3,958,501  |

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|  | SEGMENT ASSET     |                   |
|--|-------------------|-------------------|
|  | 30.06.2020        | 31.12.2019        |
|  | RM                | RM                |
| Quoted Shariah-compliant equity investments            |                   |                   |
| -Financial assets at fair value through profit or loss | 33,196,332        | 37,413,180        |
| Islamic deposits with licensed financial institutions  | 12,060,000        | 11,276,169        |
| Amount owing by stockbroking companies                 | -                 | 1,002,483         |
| Dividend receivable                                    | 72,653            | 99,824            |
| Profit receivable                                      | 596               | 884               |
| Tax recoverable  | 1,356             | 1,356             |
| Bank balance   | 5,875             | 4,982             |
|  | <u>45,336,811</u> | <u>49,798,878</u> |

### 19. 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 and 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, 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

Price risk is the risk that the fair values of Shariah-compliant equity securities decrease as a result of changes in the level of equity indices and the value of individual Shariah-compliant securities. It is the Fund's policy to maximise returns for the least amount of risk and the Manager selects Shariah-compliant securities that are fundamentally sound with good growth potential.

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The Fund's Shariah-compliant securities are susceptible to market price risk arising from uncertainties about future prices of the instruments. The Fund's overall market position is monitored on a daily basis by the Fund's Investment Manager.

The Fund only invests in Shariah-compliant securities issued in Malaysia and the Fund's market price risk is managed through diversification of the investment portfolio ratios by exposures.

The table below shows the diversification of the Fund's investment portfolio as at the end of the reporting period.

|                     | 30.06.2020        |              | 31.12.2019        |              |
|---------------------|-------------------|--------------|-------------------|--------------|
|                     | RM                | % NAV        | RM                | % NAV        |
| Construction        | 1,700,644         | 3.78         | 1,395,080         | 2.97         |
| Consumer Products   | 3,012,361         | 6.70         | 5,094,932         | 10.84        |
| Energy              | -                 | -            | 1,233,216         | 2.62         |
| Financial Services  | 2,043,547         | 4.55         | 1,430,000         | 3.04         |
| Health Care         | -                 | -            | -                 | -            |
| Industrial Products | 3,240,761         | 7.21         | 3,184,555         | 6.77         |
| Plantation          | 2,286,612         | 5.09         | 1,019,150         | 2.17         |
| Property            | 1,295,230         | 2.88         | 2,421,814         | 5.15         |
| REITS               | 4,378,651         | 9.74         | 5,811,652         | 12.36        |
| Technology          | -                 | -            | 2,204,400         | 4.69         |
| Telecommunication   | 5,083,883         | 11.31        | 4,859,980         | 10.34        |
| Transportation      | 2,112,884         | 4.70         | 2,908,769         | 6.19         |
| Utilities           | 8,041,759         | 17.89        | 5,849,632         | 12.44        |
|                     | <u>33,196,332</u> | <u>73.85</u> | <u>37,413,180</u> | <u>79.57</u> |

The overall market position is monitored on a daily basis by the Manager. The Manager will determine which industry may benefit from current and future changes in the economy when undergoing the process of sector allocation.

The value of the Fund's investments in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Fund's daily net asset value.

If prices for quoted Shariah-compliant investments as at the end of the reporting year strengthened by 5% with all other variables being held constant, the Fund's profit before taxation and equity would have increased by RM1,659,817. A 5% weakening in the quoted prices would have had an equal but opposite effect on the profit after taxation and equity respectively.

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

The market price information provided in the table above represent a hypothetical outcome and is not intended to be predictive. Market conditions could vary significantly from that suggested.

The Manager has in place a system for the monitoring of the Fund's transactions to ensure compliance with the SC's Guidelines on Unit Trust Funds and the Fund's limits and investment restrictions in accordance with the parameters in the Trust Deed.

## **BSN DANA DIVIDEN AL IFRAH**

### *(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.

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

### *(iii) Foreign Currency Risk*

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

## **(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.



## BSN DANA DIVIDEN AL IFRAH

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:-

|  | 30.06.2020        | 31.12.2019        |
|--|-------------------|-------------------|
|  | RM                | RM                |
| Islamic deposit with licensed financial institutions | 12,060,000        | 11,276,169        |
| Amount owing by stockbroking companies               | -                 | 1,002,483         |
| Dividend receivable                                  | 72,653            | 99,824            |
| Profit receivable                                    | 596               | 884               |
| Tax recoverable                                      | 1,356             | 1,356             |
| Bank balance   | 5,875             | 4,982             |
|  | <u>12,140,480</u> | <u>12,385,698</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 maintains sufficient level of Islamic liquid assets with minimum level of 10% of the net asset value of the Fund to meet anticipated payments and cancellation of units by unitholders. Islamic money market instruments which include Islamic term deposits, repurchase agreements and short term cash placements with financial institutions, will be used to maintain the Fund's liquidity position and as a short term alternative measure when the equity market experiences excessive volatility.

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 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:-

## BSN DANA DIVIDEN AL IFRAH

|                              | Carrying<br>Amount | Contractual<br>Undiscounted<br>Cash Flows | Within<br>1 Year |
|------------------------------|--------------------|---|------------------|
| <u>As at 30 June 2020</u>    | RM                 | RM  | RM               |
| Amount owing to Manager      | 52,755             | 52,755                                    | 52,755           |
| Amount owing to Trustee      | 2,216              | 2,216                                     | 2,216            |
| Amount owing to Stockbrokers | 308,681            | 308,681                                   | 308,681          |
| Other payables and accruals  | 23,440             | 23,440                                    | 23,440           |
| Total financial liabilities  | <u>387,092</u>     | <u>387,092</u>                            | <u>387,092</u>   |

|                               | Carrying<br>Amount | Contractual<br>Undiscounted<br>Cash Flows | Within<br>1 Year |
|-------------------------------|--------------------|---|------------------|
| <u>As at 31 December 2019</u> | RM                 | RM  | RM               |
| Amount owing to Manager       | 60,452             | 60,452                                    | 60,452           |
| Amount owing to Trustee       | 2,503              | 2,503                                     | 2,503            |
| Amount owing to Stockbrokers  | 202,217            | 202,217                                   | 202,217          |
| Distribution payable          | 2,496,256          | 2,496,256                                 | 2,496,256        |
| Other payables and accruals   | 23,956             | 23,956                                    | 23,956           |
| Total financial liabilities   | <u>2,785,384</u>   | <u>2,785,384</u>                          | <u>2,785,384</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 Fund due to the Fund not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant equities. The value of the Fund may also be adversely affected in the event of a disposal of Shariah non-compliant equities at a price lower than the investment cost.

### (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.

## BSN DANA DIVIDEN AL IFRAH

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.

### (c) Classification of Financial Instruments

|   | 30.06.2020        | 31.12.2019        |
|---|-------------------|-------------------|
|   | RM                | RM                |
| Financial Assets                                      |                   |                   |
| <u>Loans and receivables financial assets*</u>        |                   |                   |
| Islamic deposits with licensed financial institutions | 12,060,000        | 11,276,169        |
| Amount owing by stockbroking companies                | -                 | 1,002,483         |
| Dividend receivables                                  | 72,653            | 99,824            |
| Profit receivable                                     | 596               | 884               |
| Tax recoverable                                       | 1,356             | 1,356             |
| Bank balance  | 5,875             | 4,982             |
|   | <u>12,140,480</u> | <u>12,385,698</u> |
| <u>Fair value through profit or loss</u>              |                   |                   |
| Quoted Shariah-compliant equity securities            | <u>33,196,332</u> | <u>37,413,180</u> |
|   |                   |                   |
|   | 30.06.2020        | 31.12.2019        |
|   | RM                | RM                |
| Financial Liabilities                                 |                   |                   |
| <u>Other financial liabilities</u>                    |                   |                   |
| Amount owing to stockbroking companies                | 308,681           | 202,217           |
| Amount owing to Manager                               | 52,755            | 60,452            |
| Amount owing to Trustee                               | 2,216             | 2,503             |
| Other payables and accruals                           | 23,440            | 2,520,212         |
|   | <u>387,092</u>    | <u>2,785,384</u>  |

\* - The Fund does not have any loan.

## BSN DANA DIVIDEN AL IFRAH

### (d) Fair Values of Information

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

|                                     | Fair Value of Financial Instruments Carried At |         |         | Fair Value of Financial Instruments Carried At |         |         | Total Fair Value/<br>Carrying Amount |
|-------------------------------------|--|---------|---------|--|---------|---------|--------------------------------------|
|                                     | Fair Value                                     |         |         | Fair Value                                     |         |         |                                      |
|                                     | Level 1  | Level 2 | Level 3 | Level 1  | Level 2 | Level 3 |                                      |
|                                     | RM   | RM      | RM      | RM   | RM      | RM      | RM                                   |
| <u>30 June 2020</u>                 |  |         |         |  |         |         |                                      |
| <u>Financial assets</u>             |  |         |         |  |         |         |                                      |
| Shariah-compliant equity securities | 33,196,332                                     | -       | -       | -  | -       | -       | 33,196,332                           |
| <u>31 December 2019</u>             |  |         |         |  |         |         |                                      |
| <u>Financial assets</u>             |  |         |         |  |         |         |                                      |
| Shariah-compliant equity securities | 37,413,180                                     | -       | -       | -  | -       | -       | 37,413,180                           |

The fair values of level 1 are estimated based on their quoted market prices as at the end of the reporting period.

## **BSN DANA DIVIDEN AL IFRAH**

### **CORPORATE INFORMATION**

#### **MANAGER**

Permodalan BSN Berhad : 199401034061 (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  
Email : [info@pbsn.com.my](mailto:info@pbsn.com.my)  
Tel : 03-2180 9000  
Fax : 03-2681 0051  
Website : [www.pbsn.com.my](http://www.pbsn.com.my)

#### **EXTERNAL INVESTMENT MANAGER**

Kenanga Islamic Investors Berhad: 199701036457 (451957-D)  
License No.for Capital Market Services : eCMSL/A0237/2008

#### **REGISTERED/ BUSINESS OFFICE**

Level 17, Kenanga Tower,  
237, Jalan Tun Razak,  
50400 Kuala Lumpur

Level 14, Kenanga Tower,  
237, Jalan Tun Razak,  
50400 Kuala Lumpur

E - mail : [investorservices@kenanga.com.my](mailto:investorservices@kenanga.com.my)  
Tel : 03 -2172 3000 / 03-2172 2888  
Faks : 03-2172 3080 / 03-2172 2999  
Website : [www.kenangainvestors.com.my](http://www.kenangainvestors.com.my)

#### **BOARD OF DIRECTORS**

Datuk Yunos bin Abd Ghani  
Dato' Dr. Gan Miew Chee @ Gan Khuan Poh (resigned w.e.f 20 April 2020)  
Encik Kamari Zaman bin Juhari  
Encik Roslani bin Hashim  
Encik Ahmad Latfan bin Mohd Amran (resigned w.e.f 6 April 2020)  
Encik Kamarul Izam bin Idrus

#### **CHIEF EXECUTIVE OFFICER**

Encik Kamarul Izam bin Idrus

#### **COMPANY SECRETARY**

Pn Nor Eliza bt Musa  
MAICSA No 1035207

## **BSN DANA DIVIDEN AL IFRAH**

### **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 : 200701008892 (766894-T)  
Level 14, Wisma AmanahRaya,  
No 2, Jalan Ampang,  
50508 Kuala Lumpur

### **SHARIAH ADVISER**

Tawafuq Consultancy Sdn Bhd: 201501036171 (1161491-M)  
No. 6-2F, Pinggiran Mutiara Utama,  
Taman Mutiara Gombak 2,  
53100,  
Gombak, Kuala Lumpur

### **AUDITOR**

JAMAL, AMIN & PARTNERS (AF 1067)  
60-2B, 2<sup>nd</sup> 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 DANA DIVIDEN AL - IFRAH**

**Managed by Permodalan BSN Berhad 180401034001 ( 319744-W )**

**Aras 19, Lot 1, Bangunan TH Selborn,**

**153 Jalan Tun Razak, 50400 Kuala Lumpur.**

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

**Email : [info@pbsn.com.my](mailto:info@pbsn.com.my)**

**Website : [www.pbsn.com.my](http://www.pbsn.com.my)**