



Libra Shariah Liquidity Fund Series 2

Interim Report 2020
for the period ended 31 March 2020

Libra Invest Berhad 199501032001(361207-D)
(A member of the Kenanga Investors Berhad)

INTERIM REPORT 2020

LIBRA SHARIAH LIQUIDITY FUND SERIES 2

CONTENTS

FUND & SERVICE DIRECTORY	
MANAGER'S REPORT	
Market Review & Outlook	1
Libra Shariah Liquidity Fund Series 2: Profile, Performance & Review	3
TRUSTEE'S REPORT & SHARIAH ADVISER'S REPORT	9
AUDITED FINANCIAL STATEMENTS FOR LIBRA SHARIAH LIQUIDITY FUND SERIES 2	11
<i>Statement By Manager & Auditor's Report For Libra Shariah Liquidity Fund Series 2</i>	34

FUND DIRECTORY

MANAGER

Libra Invest Berhad 199501032001(361207-D)
(A member of the Kenanga Investors Berhad)
14th Floor, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur
General Line: 03-2089 1888
Investor Care: 03-2089 1883
Fax: 03-2096 1020 & 03-2096 1662
website: www.librainvest.com
e-mail: invest.invest@kenanga.com.my

SHARIAH ADVISER

BIMB Securities Sdn Bhd (290163-X)
Level 32, Menara Multi-Purpose
8, Capital Square
Jalan Munshi Abdullah
50100 Kuala Lumpur.
Tel: 603 – 2613 1600
Fax: 603 – 2613 1799

TRUSTEE

CIMB Islamic Trustee Berhad (167913-M)
Level 21, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel: 03-2261 8888
Fax: 03-2261 9889

AUDITOR

Ernst & Young (AF 0039)
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: 03-7495 8000
Fax: 03-2095 5332

TAX ADVISER

PricewaterhouseCoopers Taxation
Services Sdn Bhd (464731-M)
Level 10, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Tel: 03-2173 1188
Fax: 03-2173 1288

SERVICE DIRECTORY

HEAD OFFICE

14th Floor, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur
General Line : 03-2089 1888
Investor Care Line : 03-2089 1883
Fax: 03-2096 1020 & 03-2096 1662

1
INTERIM REPORT 2020
Manager's Report
For The 6-Month Period Ended 31 March 2020
LIBRA SHARIAH LIQUIDITY FUND SERIES 2

MARKET REVIEW: MONEY MARKET

On 5th November, as widely anticipated, Bank Negara Malaysia (BNM) kept the Overnight Policy Rate (OPR) unchanged at 3.00% at its final meeting of the year. However, BNM unexpectedly lowered the Statutory Reserve Requirement (SRR) by 50bps from 3.50% to 3.00% effective 16th November, to maintain sufficient liquidity in the domestic financial system.

Subsequently in January and March 2020, BNM lowered the OPR by a total of 50bps to 2.50%, to safeguard domestic growth which is expected to be impacted by the Covid-19 outbreak. In addition, the central bank also lowered the SRR ratio by 100bps from 3.00% to 2.00% effective 20th March and allowed Malaysian Government Securities (MGS) and Government Investment Issues (GII) of up to RM1bn as part of the SRR compliance, with the combined measures expected to release about RM30bn worth of liquidity into the banking system.

In 1Q20, the Malaysia economy recorded a better-than-expected growth of +0.7% y-o-y (expected: -1.0%), albeit moderating from 3.6% y-o-y in 4Q19 (full year 2019: +4.3%). Meanwhile, average headline inflation eased from 1.0% y-o-y in 4Q19 to 0.9% in 1Q20, mainly due to lower transport costs, in tandem with the sharp drop in global crude oil prices.

MARKET OUTLOOK: MONEY MARKET

The outlook for global growth continues to be clouded by significant uncertainties. The economic impact from the Covid-19 pandemic will depend on the severity and duration of the outbreak, as well as the corresponding measures undertaken to contain its spread. Therefore, global central banks and policymakers are undertaking coordinated efforts to cushion the economic impact and shield their economies from these headwinds. In March, the US Fed cut interest rates by a total of 150bps to 0.00%-0.25% to counter the evolving risks to the US economy from the growing outbreak, and reiterated that policymakers would act as appropriate to support the economy.

Locally, based on BNM's 2019 Annual Report released on 3rd April, Malaysia's GDP growth is projected to range between -2.0% to +0.5% in 2020 (2019: +4.3%) given the highly challenging global economic outlook. However, the central bank expects growth to be supported by the various stimulus measures, policy rate cuts and continued infrastructure projects. Inflationary pressures are expected to remain subdued amid lower global oil prices and weaker demand, with average headline inflation projected to average between -1.5% to +0.5% in 2020.

Therefore, given heightened downside risks amid subdued inflation, BNM is widely anticipated to remain accommodative to safeguard domestic growth.

Note: Interest rate is a general economic indicator that will have an impact on the management of the unit trust funds regardless of whether it is an Islamic fund or otherwise. This does not in any way, suggest that Libra Shariah Liquidity Fund Series 2 will invest in conventional financial instruments. All the investments carried out for Libra Shariah Liquidity Fund Series 2 are made in accordance with Shariah requirements.

INTERIM REPORT 2020
Manager's Report
For The 6-Month Period Ended 31 March 2020
LIBRA SHARIAH LIQUIDITY FUND SERIES 2

OTHER MATTERS

- 1. Significant changes on the state of affairs of Libra Shariah Liquidity Fund Series 2**
There are no other significant changes on the state of affairs of Libra Shariah Liquidity Fund Series 2 for the period ended 31 March 2020.
- 2. Circumstances that materially affect any interests of the unit holders**
Libra Invest Berhad and Libra Shariah Liquidity Fund Series 2 have no circumstances that materially affect any interest of the unit holders.
- 3. Cross trade**
During the financial period under review, no cross-trade transactions were undertaken by investment manager of the Fund.

3
INTERIM REPORT 2020
 Manager's Report
For The 6-Month Period Ended 31 March 2020
LIBRA SHARIAH LIQUIDITY FUND SERIES 2

FUND PROFILE

Inception Date	4 February 2015 (The Fund has no predetermined fixed period or termination date).
Initial Offer Price	RM1.0000 per unit during the Initial Offer Period (IOP) of One (1) calendar day commencing from 4 February 2015.
Pricing Policy	Investment and Liquidation at Net Asset Value per unit.
Fund Category/ Type	Money Market (Shariah) / Income
Benchmark	Maybank 1-Month Islamic Fixed Deposit-i Rate. <i>* With effect from 1 July 2016, the Fund's benchmark has been changed from Maybank 1-Month GIA-i Tier 1 rate to Maybank 1-Month Islamic Fixed Deposit-i rate</i>
Investment Objective	The Fund seeks to preserve capital ¹ while providing steady income ² by investing in short-term Islamic deposits. Any material changes to the investment objective of the Fund would require Unit Holders' approval. ¹ Unit Holders are to note that this is not a capital guaranteed nor protected Fund. Unit Holders' capital is neither guaranteed nor protected. ² All income distribution will be automatically reinvested into additional Units.
Investment Policy	The Fund will invest in Ringgit-denominated short-term Islamic deposits with Financial Institutions.
Investment Strategy	The Fund will invest 100% of its NAV in Ringgit-denominated short-term Islamic deposits with Financial Institutions. The Manager shall adopt an active investment strategy by monitoring short-term profit rates offered by Financial Institutions on a daily basis. The Manager seeks to maximise the Fund's returns by actively sourcing for and subsequently investing in short-term Islamic deposits that offer the highest rates available.
Distribution Policy	Subject to the availability of income, the Fund will distribute income on a monthly basis. The amount of income to be distributed will vary from period to period, depending on interest rates, market conditions, the performance and the objective of the Fund. Income distribution may be made out of net profits from Islamic deposits. It is also the Manager's policy to automatically reinvest distribution proceeds into additional Units at the NAV per unit on payment date (at ex-distribution price) with no sales charge imposed.
Soft Commissions & Rebates Received From Brokers	It is the policy of the Manager to credit any rebates received into the account of the Fund. Any soft commissions received by investment manager on behalf of the Fund are in the form of research and advisory services that assist in the decision making process relating to the investment of the Fund which are of demonstrable benefit to unit holders of the Fund. Any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund. For the financial year under review, the Manager has received soft commissions from the stockbrokers.

INTERIM REPORT 2020

Manager's Report

*For The 6-Month Period Ended 31 March 2020***LIBRA SHARIAH LIQUIDITY FUND SERIES 2****FUND PROFILE****Profile of****Unitholdings*** Excluding units held
by the Management
Company

Size of Holding (Units)	As at 31 March 2020			
	Unit Holder		Unit Holding	
	No.	%	No. (million)	%
5,000 and below	-	-	-	-
5,001 to 10,000	-	-	-	-
10,001 to 50,000	-	-	-	-
50,001 to 500,000	-	-	-	-
500,001 and above	2	100.00	3.11	100.00
*Total (Decimal Rounding)	2	100.00	3.11	100.00

5
INTERIM REPORT 2020
 Manager's Report
 For The 6-Month Period Ended 31 March 2020
LIBRA SHARIAH LIQUIDITY FUND SERIES 2

FUND PERFORMANCE

	2020	2019	2018
NAV & PRICING for the period ended 31 March			
<i>Please refer to Note 1 for further information.</i>			
Total Net Asset Value (RM million)	3.19	3.16	48.01
Units in circulation (million units)	3.11	3.08	47.11
NAV per unit (RM)	1.0280	1.0262	1.0192

HIGHEST & LOWEST NAV for the period ended 31 March			
<i>Please refer to Note 1 for further information.</i>			
Highest NAV per unit (RM)	1.0307	1.0330	1.0266
Lowest NAV per unit (RM)	1.0272	1.0241	1.0175

PORTFOLIO COMPOSITION % of NAV for the period ended 31 March			
Islamic Liquid Assets including Short-term Islamic Deposits			
	100.0	100.0	100.0

EXPENSE/TURNOVER for the period ended 31 March			
Management expense ratio (MER) (%)	0.14	0.07	0.09
Portfolio turnover ratio (PTR) (times)	-	-	-
Please refer to page 26 for further explanation on the difference in MER.			

RETURN (%) for the period ended 31 March			
<i>Please refer to Note 2 for further information.</i>			
• TOTAL RETURN	2020	2019	2018
Total Return	1.47	3.68	3.42
Capital Return	-	0.69	0.28
Income Return	1.47	2.99	3.14

• ANNUAL TOTAL RETURN *	2020	2019	2018
Libra Shariah Liquidity Fund Series 2 (%) (Commencement Date: 26 May 2016)	3.27	3.68	3.42

**Annualised*

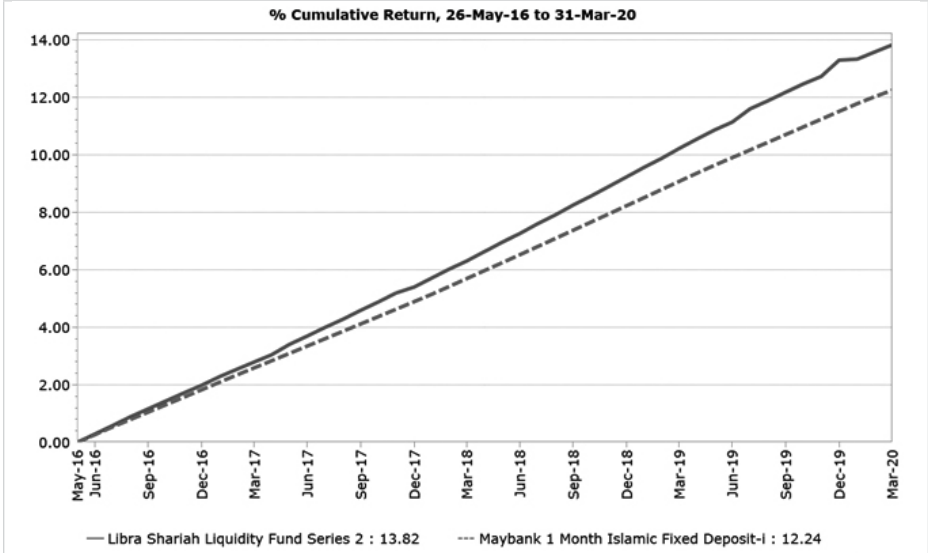
• AVERAGE TOTAL RETURN	1-yr	3-yrs	5-yrs
Libra Shariah Liquidity Fund Series 2 (%) (Commencement Date: 26 May 2016)	3.27	3.40	2.60

Source: Lipper

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

INTERIM REPORT 2020
 Manager's Report
 For The 6-Month Period Ended 31 March 2020
LIBRA SHARIAH LIQUIDITY FUND SERIES 2

FUND PERFORMANCE



Source: Lipper

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

7
INTERIM REPORT 2020
 Manager's Report
For The 6-Month Period Ended 31 March 2020
LIBRA SHARIAH LIQUIDITY FUND SERIES 2

INCOME DISTRIBUTION AND UNIT SPLIT		
	Gross distribution per unit (sen)	Net distribution per unit (sen)
29 October 2019	0.25	0.25
19 November 2019	0.25	0.25
31 December 2019	0.25	0.25
31 January 2020	0.25	0.25
29 February 2020	0.25	0.25
31 march 2020	0.25	0.25
	1.50	1.50

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

INTERIM REPORT 2020
Manager's Report
For The 6-Month Period Ended 31 March 2020
LIBRA SHARIAH LIQUIDITY FUND SERIES 2

FUND REVIEW

For the period under review, the Fund registered a return of 1.47%, outperforming its benchmark return of 1.39%. Following Bank Negara Malaysia's (BNM) move to reduce the Overnight Policy Rate (OPR) by a total of 50 basis points during the period under review, deposit rates offered by banks have accordingly been adjusted lower. Returns for the Fund were derived from its investments in Ringgit-denominated short-term Islamic deposits with financial institutions.

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF LIBRA SHARIAH LIQUIDITY FUND SERIES 2

We, **CIMB Islamic Trustee Berhad** being the trustee of **Libra Shariah Liquidity Fund Series 2** ("the Fund") are of the opinion that **Libra Invest Berhad** ("the Manager") acting in the capacity as the Manager of the Fund, has fulfilled its duties in the following manner for the 6-month financial period ended 31 March 2020.

- (a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager under the Deeds, the Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 (as amended from time to time), and other applicable laws;
- (b) Valuation and pricing of units of the Fund has been carried out in accordance with the Deeds and any relevant regulatory requirements;
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and any relevant regulatory requirements; and
- (d) The distributions of returns by the Fund are relevant and reflect the investment objective of the Fund.

For and on behalf of
CIMB Islamic Trustee Berhad

Lee Kooi Yoke
Chief Executive Officer

Kuala Lumpur, Malaysia

29 June 2020

SHARIAH ADVISER'S REPORT

To the Unitholders of Libra Shariah Liquidity Fund Series 2

We have acted as the Shariah Adviser of **Libra Shariah Liquidity Fund Series 2** ("Fund") managed by **Libra Invest Berhad** ("Manager") of for the financial period ended 31 March 2020.

Our responsibility is to ensure that the procedures and processes employed by the Manager as well as the provisions of the Fund's Deed dated 8 September 2014 and Supplemental Deed dated 15 January 2018 are all in accordance with Shariah principles.

In our opinion, based on the periodic reports submitted to us, the Manager has managed and administered the Fund in accordance with Shariah principles and has complied with applicable guidelines, rulings and decisions issued by the Shariah Advisory Council ("SAC") of the Securities Commission for the financial period ended 31 March 2020.

We confirm that the investment portfolio of the Fund comprises instruments which have been classified as Shariah-compliant by the SAC of Bank Negara Malaysia ("BNM"). As for instruments which have not been classified by the SAC of BNM, we have reviewed and determined the Shariah status of the said instruments.

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

IR. DR. MUHAMAD FUAD ABDULLAH
Designated Shariah Person

Kuala Lumpur

29 June 2020

Libra Shariah Liquidity Fund Series 2

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2019 TO 31 MARCH 2020**

	Note	1.10.2019 to 31.3.2020 RM	1.10.2018 to 31.3.2019 RM
INVESTMENT INCOME			
Profit income		<u>48,654</u>	<u>106,674</u>
EXPENSES			
Manager's fee	4	1,586	2,859
Trustee's fee	5	317	572
Administration expenses		<u>521</u>	<u>458</u>
		<u>2,424</u>	<u>3,889</u>
NET INCOME BEFORE TAX		46,230	102,785
Income tax	6	<u>-</u>	<u>-</u>
NET INCOME AFTER TAX, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>46,230</u>	<u>102,785</u>
Net income after tax is made up as follows:			
Realised gain		<u>46,230</u>	<u>102,785</u>
Distributions for the financial period:			
Gross / Net distribution (RM)	7	<u>45,772</u>	<u>111,810</u>
Gross / Net distribution per unit (sen)		<u>1.50</u>	<u>1.95</u>

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

Libra Shariah Liquidity Fund Series 2

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	Note	31.3.2020 RM	31.3.2019 RM
ASSETS			
INVESTMENTS			
Short term Islamic deposits	8	<u>3,188,000</u>	<u>3,146,000</u>
OTHER ASSETS			
Other receivable	9	5,053	17,271
Cash at bank		<u>1,539</u>	<u>1,112</u>
		<u>6,592</u>	<u>18,383</u>
TOTAL ASSETS		<u>3,194,592</u>	<u>3,164,383</u>
LIABILITIES			
Amount due to Manager		522	268
Amount due to Trustee		54	54
Other payables	10	<u>1,730</u>	<u>1,730</u>
TOTAL LIABILITIES		<u>2,306</u>	<u>2,052</u>
EQUITY			
Unit holders' contribution		2,367,027	2,343,361
Retained earnings		<u>825,259</u>	<u>818,970</u>
NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS	11	<u>3,192,286</u>	<u>3,162,331</u>
TOTAL LIABILITIES AND EQUITY		<u>3,194,592</u>	<u>3,164,383</u>
NUMBER OF UNITS IN CIRCULATION	11(a)	<u>3,105,187</u>	<u>3,081,667</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0280</u>	<u>1.0262</u>

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

Libra Shariah Liquidity Fund Series 2
**UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2019 TO 31 MARCH 2020**

	Note	Unit holders' contribution RM	Retained earnings RM	Total NAV RM
1.10.2019 to 31.3.2020				
At beginning of the financial period		2,321,255	824,801	3,146,056
Total comprehensive income		-	46,230	46,230
Distribution		<u>45,772</u>	<u>(45,772)</u>	<u>-</u>
At end of the financial period		<u>2,367,027</u>	<u>825,259</u>	<u>3,192,286</u>
1.10.2018 to 31.3.2019				
At beginning of the financial period		5,410,069	827,995	6,238,064
Total comprehensive income		-	102,785	102,785
Creation of units	11(a)	911,810	-	911,810
Cancellation of units	11(a)	(3,978,518)	-	(3,978,518)
Distribution		<u>-</u>	<u>(111,810)</u>	<u>(111,810)</u>
At end of the financial period		<u>2,343,361</u>	<u>818,970</u>	<u>3,162,331</u>

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

Libra Shariah Liquidity Fund Series 2

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2019 TO 31 MARCH 2020**

	1.10.2019 to 31.3.2020	1.10.2018 to 31.3.2019
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Profit from Islamic deposits received	56,976	121,212
Payment for other fees and expenses	(521)	(458)
Trustee's fee paid	(315)	(620)
Manager's fee paid	(1,322)	(3,103)
Placement of Shariah-compliant investments	<u>-</u>	<u>(3,051,000)</u>
Net cash generated from/(used in) operating and investing activities	<u>54,818</u>	<u>(2,933,969)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units created	-	800,000
Cash paid on units cancelled	<u>-</u>	<u>(3,978,518)</u>
Net cash used in financing activities	<u>-</u>	<u>(3,178,518)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	54,818	(6,112,487)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>3,134,721</u>	<u>6,208,599</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>3,189,539</u>	<u>96,112</u>
Cash and cash equivalents comprise:		
Cash at bank	1,539	1,112
Short term Islamic deposits	<u>3,188,000</u>	<u>95,000</u>
	<u>3,189,539</u>	<u>96,112</u>

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

Libra Shariah Liquidity Fund Series 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Libra Shariah Liquidity Fund Series 2 (“the Fund”) was established pursuant to a Deed dated 8 September 2014 between Libra Invest Berhad (“LIB”) as the Manager, CIMB Islamic Trustee Berhad as the Trustee and the registered Unitholders of the Fund. This is supplemented by a Supplemental Deed dated 15 January 2018 to include a provision relating to goods and services tax (collectively referred to as “the Deeds”).

The principal activity of the Fund is to invest in investments as defined under The Seventh Schedule of the Deed. The Fund commenced operations on 27 May 2018 and will continue its operations until terminated in accordance with Part 12 of the Deed.

The Manager of the Fund is Libra Invest Berhad, a company incorporated in Malaysia.

The principal place of business of the Manager is Level 14, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur.

The objective of the Fund seeks to preserve capital while providing steady income by investing primarily in short-term Islamic deposits.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks including market risk (which includes interest rate risk), credit risk and liquidity risk. Whilst these are the most important types of financial risks inherent in each type of financial instruments, the Manager and the Trustee would like to highlight that this list does not purport to constitute an exhaustive list of all the risks inherent in a Shariah-compliant investment in the Fund.

The Fund has an approved set of investment guidelines and policies as well as internal controls which sets out its overall business strategies to manage these risks to optimise returns and preserve capital for the unit holders, consistent with the long term objectives of the Fund.

a. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk.

Market risk arises when the value of the Shariah-compliant investments fluctuates in response to the activities of individual companies, general market or economic conditions. It stems from the fact that there are economy-wide perils, which threaten all businesses. Hence, investors are exposed to market uncertainties. Fluctuation in the Shariah-compliant investments' prices caused by uncertainties in the economic, political and social environment will affect the NAV of the Fund.

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

a. Market risk (contd.)

The Manager manages the risk of unfavourable changes in prices by cautious review of the Shariah-compliant investments and continuous monitoring of their performance and risk profiles.

i. Interest rate risk

Interest rate risk refers to how the changes in the interest rate environment would affect the valuation of Shariah-compliant instruments. In the event of a rising interest rate environment, the performance of Shariah-compliant instruments may decrease, and vice versa. Interest rate, such as the Overnight Policy Rate set by Bank Negara Malaysia, will have an impact on the investment decisions of the Fund regardless of whether it is an Islamic fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments.

Interest rate risk exposure

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

	Up to 1 year RM	Non- exposure to interest rate movement RM	Total RM	Weighted average effective profit rate* %
31.3.2020				
Assets				
Short term Islamic deposits	3,188,000	-	3,188,000	2.6
Other assets	-	6,592	6,592	
	<u>3,188,000</u>	<u>6,592</u>	<u>3,194,592</u>	
Liabilities				
Other liabilities	-	576	576	
	<u>-</u>	<u>576</u>	<u>576</u>	
Total interest rate sensitivity gap	<u>3,188,000</u>	<u>6,016</u>	<u>3,194,016</u>	

* Calculated based on assets with exposure to interest rate movement only.

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

a. Market risk (contd.)

i. Interest rate risk

Interest rate risk exposure (contd.)

	Up to 1 year RM	Non- exposure to interest rate movement RM	Total RM	Weighted average effective profit rate* %
31.3.2019				
Asset				
Short term Islamic deposits	3,146,000	-	3,146,000	3.8
Other asset	-	18,383	18,383	
	<u>3,146,000</u>	<u>18,383</u>	<u>3,164,383</u>	
Liabilities				
Other liabilities	-	322	322	
	<u>-</u>	<u>322</u>	<u>322</u>	
Total interest rate sensitivity gap	<u>3,146,000</u>	<u>18,061</u>	<u>3,164,061</u>	

b. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

i. Credit risk exposure

As at the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statement of financial position.

ii. Financial assets that are either past due or impaired

As at the reporting date, there are no financial assets that are either past due or impaired.

iii. Credit quality of financial assets

The Fund invests in short term Islamic deposits with financial institutions licensed under the Islamic Financial Services Act 2013. The following table analyses the licensed financial institutions by rating category:

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

b. Credit risk (contd.)

Short term Islamic deposits

	Percentage of total short term Islamic deposits		Percentage of NAV	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
	%	%	%	%
Rating				
P1	81.2	-	81.1	-
WR	18.8	-	18.8	-
	<u>100.0</u>	<u>-</u>	<u>99.9</u>	<u>-</u>

c. Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are to be settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or cancel its units earlier than expected. The Fund is exposed to cancellation of its units on a regular basis. Units sold to unit holders by the Manager are cancellable at the unit holders' option based on the Fund's NAV per unit at the time of cancellation calculated in accordance with the Deed.

The liquid assets comprise cash, short term Islamic deposits with licensed financial institutions and other Shariah-compliant instruments, which are capable of being converted into cash within 7 days.

The following table analyses the maturity profile of the Fund's financial assets and financial liabilities in order to provide a complete view of the Fund's contractual commitments and liquidity.

	Note	Up to 1 year	
		31.3.2020	31.3.2019
		RM	RM
Assets			
Short term Islamic deposits		3,188,000	3,146,000
Other assets		6,592	18,383
	i.	<u>3,194,592</u>	<u>3,164,383</u>
Liabilities			
Other liabilities	ii.	<u>576</u>	<u>322</u>
Equity	iii.	<u>3,192,286</u>	<u>3,162,331</u>
Liquidity gap		<u>1,730</u>	<u>1,730</u>

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

c. Liquidity risk (contd.)

i. Financial assets

Analysis of financial assets at FVTPL into maturity groupings is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date on which the assets will be realised.

ii. Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the date on which liabilities will be settled. When the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

iii. Equity

As the unit holders can request for redemption of their units, they have been categorised as having a maturity of “up to 1 year”.

d. Regulatory reportings

It is the Manager’s responsibility to ensure full compliance of all requirements under the Guidelines on Unit Trust Funds issued by Securities Commission Malaysia. Any breach of any such requirement has been reported in the mandatory reporting to Securities Commission Malaysia on a monthly basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) as issued by the Malaysian Accounting Standards Board (“MASB”) and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the new and amended MFRS and Interpretation Committee’s (“IC”) Interpretation, which became effective for the Fund on 1 October 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting

Description	Effective for financial period beginning on or after
<i>Amendments to MFRS contained in the document entitled "Annual Improvements to MFRS Standards document 2015 - 2017 Cycle"</i>	1 January 2019
<i>Amendments to MFRS 3 and MFRS 11: Previously Held Interest in a Joint Operation contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"</i>	1 January 2019
<i>Amendments to MFRS 112: Income Tax Consequences of Payments on Financial Instruments Classified as Equity contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"</i>	1 January 2019
<i>Amendments to MFRS 123: Borrowing Costs Eligible for Capitalisation contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"</i>	1 January 2019
<i>MFRS 16: Leases</i>	1 January 2019
<i>Amendments to MFRS 9: Prepayment Features with Negative Compensation</i>	1 January 2019
<i>Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement</i>	1 January 2019
<i>Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
<i>IC Interpretation 23: Uncertainty over Income Tax Treatments</i>	1 January 2019

The adoption of the new and amended MFRS and IC Interpretation did not have any significant impact on the financial position or performance of the Fund.

b. Standards, amendments and interpretations issued but not yet effective

Interpretations that have been issued by MASB will be effective for the Fund in future financial periods. The Fund intends to adopt the relevant standards and interpretations when they become effective.

Description	Effective for financial period beginning on or after
Amendments to MFRS 2: Share-Based Payment	1 January 2020
Amendments to MFRS 3: Business Combinations	1 January 2020
Amendments to MFRS 3: Definition of a Business	1 January 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

b. Standards, amendments and interpretations issued but not yet effective (contd.)

Description	Effective for financial period beginning on or after
Amendments to MFRS 6: <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2020
Amendments to MFRS 14: <i>Regulatory Deferral Accounts</i>	1 January 2020
Amendments to MFRS 101: <i>Presentation of Financial Statements</i>	1 January 2020
Amendments to MFRS 108: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
Amendments to MFRS 101 & MFRS 108: <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 134: <i>Interim Financial Reporting</i>	1 January 2020
Amendment to MFRS 137: <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2020
Amendment to MFRS 138: <i>Intangible Assets</i>	1 January 2020
Amendments to IC Interpretation 12: <i>Service Concession Arrangements</i>	1 January 2020
Amendments to IC Interpretation 19: <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2020
Amendment to IC Interpretation 20: <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2020
Amendments to IC Interpretation 22: <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2020
Amendments to IC Interpretation 132: <i>Intangible Assets - Web Site Costs</i>	1 January 2020
Amendments to MFRS 9 <i>Financial Instruments</i> , MFRS 139 <i>Financial Instruments: Recognition and Measurement</i> and MFRS 7 <i>Financial Instruments: Disclosures: Interest Rate Benchmark Reform</i>	1 January 2020
MFRS 17: <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be announced by MASB

The Fund will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any significant impact to the financial statements of the Fund upon their initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

c. Financial instruments

Financial assets are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instruments.

i. Measurement categories of financial assets and liabilities

The Fund classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- Fair value through other comprehensive income; and
- Fair value through profit or loss.

The Fund may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

The Fund's other financial assets include cash at bank, short term Islamic deposits, trade receivables and other receivables.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

The Fund's other financial liabilities include trade payables and other payables.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit rate ("EPR"). Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

ii. Initial recognition and subsequent measurement

The classification of financial assets at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Note 3(c)(iii). Financial assets are initially measured at their fair value, except in the case of financial assets recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Fund accounts for the Day 1 profit or loss, as described below.

After initial measurement, debt instruments are measured at amortised cost, using the EPR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Expected credit losses ("ECLs") are recognised in the statement of comprehensive income when the investments are impaired.

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

c. Financial instruments (contd.)

- iii. Due from banks, short term Islamic deposits, trade and other receivables at amortised cost

The Fund only measures the cash at bank, short term Islamic deposits, trade receivables and other receivables at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit ("SPPP") on the principal amount outstanding.

The details of these conditions are outlined below.

Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of sales are also important aspects of the Fund's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward, unless it has been determined that there has been a change in the original business model.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

c. Financial instruments (contd.)

iii. Due from banks, short term Islamic deposits, trade and other receivables at amortised cost (contd.)

The SPPP test

As a second step of its classification process, the Fund assesses the contractual terms of financial assets to identify whether they meet the SPPP test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation/accretion of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPP assessment, the Fund applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

iv. Financial investments

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition, or are mandatorily required to be measured at fair value under MFRS 9. This category includes debt instruments whose cash flow characteristics fail the SPPP criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

d. Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Fund also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Fund has transferred the financial asset if, and only if, either:

- The Fund has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

d. Derecognition of financial assets (contd.)

Pass-through arrangements are transactions whereby the Fund retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Fund has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short term advances with the right to full recovery of the amount lent plus accrued profit at market rates;
- The Fund cannot sell or pledge the original asset other than as security to the eventual recipients; and
- The Fund has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Fund is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including profit earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Fund has transferred substantially all the risks and rewards of the asset; or
- The Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Fund considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Fund has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Fund's continuing involvement, in which case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Fund could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Fund would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

e. Impairment of financial assets

i. Overview of the expected credit loss (“ECL”) principles

The Fund measure its loan and receivable impairment using the forward-looking ECL approach in accordance with the requirements of MFRS 9.

ii. Write-offs

Financial assets are written off either partially or in their entirety only when the Fund has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

f. Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Profit income is recognised using the effective yield method.

g. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank and short term Islamic deposits with licensed financial institutions with insignificant risk of changes in value.

h. Income tax

Income tax on the profit or loss for the financial period comprises current tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial period.

As no temporary differences have been identified, no deferred tax has been recognised.

i. Unit holders’ contribution – NAV attributable to unit holders

The unit holders’ contribution to the Fund is classified as equity instruments.

Distribution equalisation represents the average amount of undistributed net income included in the creation or cancellation price of units. This amount is either refunded to unit holders by way of distribution and/or adjusted accordingly when units are released back to the Trustee.

j. Functional and presentation currency

The financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (“the functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Fund’s functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

k. Distributions

Distributions are at the discretion of the Manager. A distribution to the Fund's unit holders is accounted for as a deduction from retained earnings.

l. Significant accounting judgments and estimates

The preparation of financial statements requires the use of certain accounting estimates and exercise of judgment. Estimates and judgments are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

i. Critical judgments made in applying accounting policies

There are no major judgments made by the Manager in applying the Fund's accounting policies.

ii. Key sources of estimation uncertainty

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

4. MANAGER'S FEE

The Manager's fee is computed on a daily basis at a rate not exceeding 0.30% per annum of the NAV of the Fund as provided under Part 13.1.2 and The Eight Schedule of the Deed.

The Manager is currently charging Manager's fee of 0.10% per annum of the NAV of the Fund (2019: 0.10%).

5. TRUSTEE'S FEE

The Trustee's fee is computed on a daily basis at a rate not exceeding 0.02% per annum of the NAV of the Fund as provided under Part 13.2.2 and The Ninth Schedule of the Deed.

The Trustee's fee is currently calculated at 0.02% per annum of the NAV of the Fund (2019: 0.02% per annum).

6. INCOME TAX

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable income for the current and previous financial years.

Income tax is calculated on investment income less partial deduction for permitted expenses as provided for under Section 63B of the Income Tax Act, 1967.

6. INCOME TAX (CONTD.)

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

	31.3.2020	31.3.2019
	RM	RM
Net income before tax	<u>46,230</u>	<u>102,785</u>
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	11,095	24,668
Tax effect of:		
Income not subject to tax	(11,677)	(25,602)
Expenses not deductible for tax purposes	201	865
Restriction on tax deductible expenses for unit trust fund	<u>381</u>	<u>69</u>
Income tax for the financial year	<u>-</u>	<u>-</u>

7. DISTRIBUTIONS

Distributions to unit holders were made on the following dates:

	31.3.2020	31.3.2019
	RM	RM
29 October 2019/29 October 2018	7,651	9,110
19 November 2019/28 November 2018	7,669	9,153
26 December 2019/27 December 2018	7,688	55,000
28 January 2020/29 January 2019	7,707	15,412
24 February 2020/26 February 2019	7,725	15,450
24 March 2020/26 March 2019	<u>7,744</u>	<u>7,685</u>
	<u>45,772</u>	<u>111,810</u>

7. DISTRIBUTIONS (CONTD.)

Distributions to unit holders were from the following sources:

	31.3.2020	31.3.2019
	RM	RM
Tax-exempt income	48,196	106,674
Distribution out of distribution equalisation		-
Undistributed income brought forward	-	<u>9,025</u>
	<u>48,196</u>	<u>115,699</u>
Less: Expenses	<u>(2,424)</u>	<u>(3,889)</u>
Distribution for the financial period	<u>45,772</u>	<u>111,810</u>
Gross/Net distribution per unit (sen)	<u>1.50</u>	<u>1.95</u>

8. SHORT TERM ISLAMIC DEPOSITS

Short term Islamic deposits are held with licensed financial institutions in Malaysia at the prevailing interest rates.

9. OTHER RECEIVABLE

	31.3.2020	31.3.2019
	RM	RM
Interest receivable from short term Islamic deposits	<u>5,053</u>	<u>17,271</u>

10. OTHER PAYABLES

	31.3.2020	31.3.2019
	RM	RM
Accrual for auditors' remuneration	730	730
Accrual for tax agent's fees	<u>1,000</u>	<u>1,000</u>
	<u>1,730</u>	<u>1,730</u>

11. NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS

NAV attributable to unit holders is represented by:

	Note	31.3.2020 RM	31.3.2019 RM
Unit holders' contribution	(a)	2,367,027	2,343,,361
<u>Retained earnings:</u>			
Realised reserves		<u>825,259</u>	<u>818,970</u>
		<u>3,192,286</u>	<u>3,162,331</u>

(a) Unit holders' contribution

	31.3.2020		31.3.2019	
	No. of units	RM	No. of units	RM
At beginning of the financial period	3,060,252	2,321,255	6,073,075	5,410,069
Add: Creation of units	-	-	886,123	911,810
Less: Cancellation of units	-	-	(3,877,531)	(3,978,518)
Reinvestment of income distribution	<u>44,935</u>	<u>45,772</u>	<u>-</u>	<u>-</u>
At end of the financial period	<u>3,105,187</u>	<u>2,367,027</u>	<u>3,081,667</u>	<u>2,343,361</u>

The number of units legally or beneficially held by the Manager, Kenanga Investors Berhad, and parties related to the Manager as at 31 March 2020 were nil (2019: nil).

12. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund comprises instruments which have been classified as Shariah-compliant by the Shariah Advisory Council of Bank Negara Malaysia.

13. PORTFOLIO TURNOVER RATIO ("PTR")

PTR for the financial period from 1 October 2019 to 31 March 2020 is Nil (financial period from 1 October 2018 to 31 March 2019: Nil).

PTR is the ratio of average sum of acquisitions and disposals of Shariah-compliant investments of the Fund for the financial period to the average NAV of the Fund, calculated on a daily basis.

14. MANAGEMENT EXPENSE RATIO (“MER”)

MER for the financial period from 1 October 2019 to 31 March 2020 is 0.14% (financial period from 1 October 2018 to 31 March 2019: 0.07%).

MER is the ratio of total fees and recovered expenses of the Fund expressed as a percentage of the Fund's average NAV, calculated on a daily basis.

15. SEGMENTAL REPORTING

a. Business segments and geographical segments

As the Fund invests only in short term Islamic deposits and all of the Fund's investments are located in Malaysia, the Fund does not have separate identifiable business and geographical segments.

16. FINANCIAL INSTRUMENTS

a. Classification of financial instruments

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The following table analyses the financial assets and financial liabilities of the Fund in the statement of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis.

	Financial assets at amortised cost RM	Other financial liabilities RM	Total RM
31.3.2020			
Assets			
Short term Islamic deposits	3,188,000	-	3,188,000
Other receivable	5,053	-	5,053
Cash at bank	1,539	-	1,539
	<u>3,194,592</u>	<u>-</u>	<u>3,194,592</u>

16. FINANCIAL INSTRUMENTS (CONTD.)

a. Classification of financial instruments (contd.)

	Financial assets at amortised cost RM	Other financial liabilities RM	Total RM
31.3.2020			
Liability			
Amount due to Manager	-	522	522
Amount due to Trustee	-	54	54
	<u>-</u>	<u>576</u>	<u>576</u>
31.3.2019			
Asset			
Short term Islamic deposits	3,146,000	-	3,146,000
Other receivable	17,271	-	17,271
Cash at bank	1,112	-	1,112
	<u>3,164,383</u>	<u>-</u>	<u>3,164,383</u>
Liability			
Amount due to Manager	-	268	268
Amount due to Trustee	-	54	54
	<u>-</u>	<u>322</u>	<u>322</u>

17. CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for creation and cancellation of units to the Fund.

The Fund's objectives for managing capital are:

- a. To invest in Shariah-compliant investments meeting the description, risk exposure and expected return indicated in its prospectus;
- b. To maintain sufficient liquidity to meet the expenses of the Fund, and to meet cancellation requests as they arise; and
- c. To maintain sufficient fund size to make the operations of the Fund cost-efficient.

No changes were made to the capital management objectives, policies or processes during the current and previous financial period.

18. SUBSEQUENT EVENT

The COVID-19 pandemic has significantly disrupted many business operations around the world. For the Fund, the impact on business operations has not been a direct consequence of the COVID-19 outbreak, but a result of the measures taken by the Government of Malaysia to contain it. As the outbreak continues to evolve, it is challenging to predict the full extent and duration of its impact on business and the economy.

Whilst the Fund is not able to fully conclude on the financial impact of the COVID-19 outbreak at the date of this report, it is anticipated based on initial assessments performed, that there have not been any circumstances which would require adjustments to be made to the carrying values of the assets and liabilities of the Fund as at 31 March 2020. The Fund holds sufficient capital and will continue to prudently manage risks while implementing cost reduction measures in order to ensure that it remains resilient through this period of uncertainty.

Libra Shariah Liquidity Fund Series 2**STATEMENT BY THE MANAGER****To the Unitholders of Libra Shariah Liquidity Fund Series 2**

I, Ismitz Matthew De Alwis, being a director of Libra Invest Berhad, do hereby state that, in the opinion of the Manager, the accompanying statement of financial position as at 31 March 2020 and the related statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial period from 1 October 2019 to 31 March 2020 together with notes thereto, 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 Libra Shariah Liquidity Fund Series 2 as at 31 March 2020 and of its financial performance and cash flows for the financial period then ended and comply with the requirements of the Deed.

For and on behalf of the Manager
LIBRA INVEST BERHAD

ISMITZ MATTHEW DE ALWIS
Director

Kuala Lumpur, Malaysia

29 June 2020

This page has been intentionally left blank

This page has been intentionally left blank

