

KENANGA KLCI DAILY (-1X) INVERSE ETF

SEMI-ANNUAL REPORT

For the Financial Period from 1 January 2025 to 30 June 2025

kenanga

Kenanga Investors Berhad
Company No. 199501024358 (353563-P)

KENANGA KLCI DAILY (-1X) INVERSE ETF

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CORPORATE DIRECTORY

Manager: Kenanga Investors Berhad Company No. 199501024358 (353563-P)

Registered Office

Level 17, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur, Malaysia.
Tel: 03-2172 2888
Fax: 03-2172 2999

Business Office

Level 14, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur, Malaysia.
Tel: 03-2172 3000
Fax: 03-2172 3080
Email: oneetf@kenanga.com.my
Website: www.oneetf.com.my

Board of Directors

Choy Khai Choon, Steven (**Chairman, Non-Independent Non-Executive Director**)
Norazian Binti Ahmad Tajuddin
(**Independent Non-Executive Director**)
Luk Wai Hong, William (**Non-Independent Non-Executive Director**)
Norazilla Binti Md Tahir (**Independent Non-Executive Director**)
Datuk Wira Ismitz Matthew De Alwis
(**Chief Executive Officer, Executive Director**)

Investment Committee

Luk Wai Hong, William (**Chairman**)
Norazian Binti Ahmad Tajuddin
(**Independent Member**)
Norazilla Binti Md Tahir (**Independent Member**)
Datuk Wira Ismitz Matthew De Alwis
(**Non-Independent Member**)

Company Secretary: Norliza Abd Samad (MAICSA 7011089)

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

Trustee: RHB Trustees Berhad Company No. 200201005356 (573019-U)

Registered Office

Level 10, Tower 1
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur, Malaysia.
Tel: 03-2302 8252
Fax: 03-2302 8298

Business Office

Level 11, Tower 3
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur, Malaysia.
Tel: 03-2302 8264
Fax: 03-2302 8298
Email: rhbt.ut@rhbggroup.com
Website: www.rhbggroup.com

Auditor: Ernst & Young PLT Company No. 202006000003 (LLP0022760-LCA) & AF 0039

Level 23A, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur.
Tel: 03-7495 8000 Fax: 03-2095 5332

Tax Adviser: Ernst & Young Tax Consultants Sdn Bhd

Company No. 198901002487 (179793-K)

Level 23A, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur.
Tel: 03-7495 8000 Fax: 03-2095 5332

Technical Advisor: Yuanta Securities Investment Trust Co., Ltd.

11F, No. 225, Sec. 3, Nanjing E.Rd., Taipei City, 104 Taiwan.

DIRECTORY OF MANAGER'S OFFICES

Regional Branch Offices:

Kuala Lumpur

Ground Floor, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur
Tel: 03-2172 3123
Fax: 03-2172 3133

Melaka

No. 43, Jalan KSB 11
Taman Kota Syahbandar
75200 Melaka
Tel: 06-240 2310
Fax: 06-240 2287

Klang

No. 12, Jalan Batai Laut 3
Taman Intan
41300 Klang, Selangor
Tel: 03-3341 8818 / 03-3348 7889
Fax: 03-3341 8816

Penang

5.04, 5th Floor
Menara Boustead Penang
No. 39, Jalan Sultan Ahmad Shah
10050 Penang
Tel: 04-210 6628
Fax: 04-210 6644

Miri

Lot 507 & Lot 508, Ground Floor
Jalan Permaisuri
98000 Miri, Sarawak
Tel: 085-416 866
Fax: 085-322 340

Seremban

2nd Floor, No. 1D-2
Jalan Tuanku Munawir
70000 Seremban
Negeri Sembilan
Tel: 06-761 5678
Fax: 06-761 2242

Johor Bahru

No. 63
Jalan Molek 3/1, Taman Molek
81100 Johor Bahru, Johor
Tel: 07-288 1683
Fax: 07-288 1693

Kuching

Suite 9 & 10, 3rd Floor, Yung Kong Abell
Lot 365 Abell Road
93100 Kuching, Sarawak
Tel: 082-572 228
Fax: 082-572 229

Kuantan

Ground Floor Shop
No. B8, Jalan Tun Ismail 1
25000 Kuantan, Pahang
Tel: 09-514 3688
Fax: 09-514 3838

Ipoh

No. 1, Jalan Leong Sin Nam
30300 Ipoh, Perak
Tel: 05-254 7573 / 05-254 7570
Fax: 05-254 7606

Kota Kinabalu

Level 8, Wisma Great Eastern
No. 68, Jalan Gaya
88000 Kota Kinabalu, Sabah
Tel: 088-203 063
Fax: 088-203 062

Damansara Uptown

44B, Jalan SS21/35
Damansara Utama
47400 Petaling Jaya, Selangor
Tel: 03-7710 8828
Fax: 03-7710 8830

Kota Damansara

C26-1, Dataran Sunway
Jalan PJU 5/17
Kota Damansara
47810 Petaling Jaya, Selangor
Tel: 03-6150 3612
Fax: 03-6150 3906

Kluang

No. 1, Aras 1, Jalan Haji Manan
Pusat Perniagaan Komersial Haji Manan
86000 Kluang, Johor
Tel: 07-710 2700
Fax: 07-710 2150

1. FUND INFORMATION

1.1 Fund Name

Kenanga KLCI Daily (-1x) Inverse ETF (**KKL1X** or **the Fund**)

1.2 Fund Category / Type

Exchange-traded Fund / Inverse exchange-traded Fund

1.3 Investment Objective

The Fund aims to provide daily performance, before fees and expenses, which closely corresponds to the daily performance of the benchmark.

The Fund does not seek to achieve its stated investment objective over a period of time greater than (1) one day.

1.4 Investment Strategy

The Manager intends to adopt a futures-based replication investment strategy to achieve the investment objective of the Fund. The Manager will invest directly in the Index Futures, to obtain the required exposure to the benchmark.

1.5 Benchmark

FTSE Bursa Malaysia KLCI Daily Short (Price) Index

1.6 Distribution Policy

Distribution of income, if any, will be on incidental basis.

1.7 Breakdown of unit holdings of the Fund as at 30 June 2025

| Size of holdings | No. of unit holders | No. of units held |
|------------------|---------------------|-------------------|
| Less than 100 | - | - |
| 100 - 1,000 | 3 | 1,400 |
| 1,001 - 10,000 | - | - |
| 10,001 - 100,000 | 2 | 118,000 |
| 100,001 - < 5%* | - | - |
| > = 5%* | 2 | 880,600 |
| Total | 7 | 1,000,000 |

5%* - 5% of the units in circulation

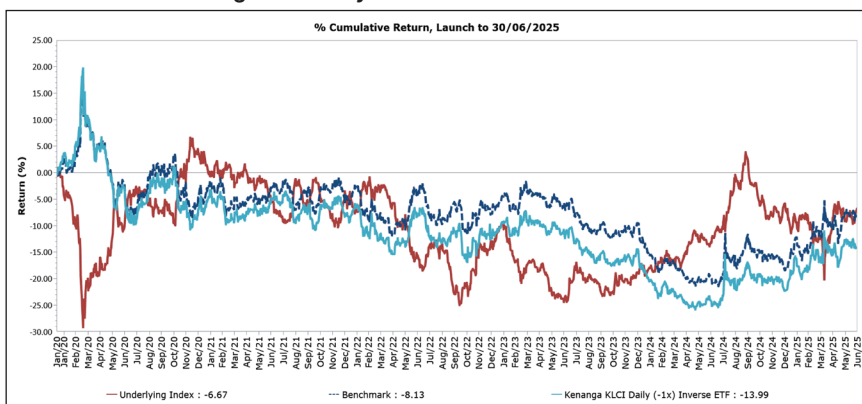
2. MANAGER'S REPORT

2.1 Explanation on whether the Fund has achieved its investment objective

The Fund achieved its stated investment objective by aiming to provide investment results that closely correspond to the daily performance of the Benchmark. However, for a period longer than one (1) Business Day, the pursuit of a daily investment objective resulted in daily compounding of the Fund. As such, the Fund's performance did not track the cumulative Benchmark return for the financial period under review that was greater than one (1) Business Day. Nevertheless, the Fund will continue to be managed in a manner to fulfil its stated investment objective.

2.2 Comparison between the Fund's performance and performance of the benchmark

Performance Chart Since Launch (20/12/2019 – 30/06/2025)
Kenanga KLCI Daily (-1x) Inverse ETF vs Benchmark*



Source: Lipper

*Benchmark: FTSE Bursa Malaysia KLCI Daily Short (Price) Index

2.3 Investment strategies and policies employed during the financial period under review

The Fund adopted a futures-based replication investment strategy to achieve the investment objective of the Fund. The Fund invested directly in the Index Futures, subject to the rebalancing and rolling strategy below, to obtain the required exposure to the Benchmark.

To ensure the Fund's daily exposure to the Benchmark is consistent with the Fund's investment objective, the Fund rebalanced its portfolio on a daily basis, decreasing exposure in response to the Benchmark's daily gains or increasing exposure in response to the Benchmark's daily losses.

The Fund adopted rolling strategy by closing out existing futures position in the spot month and entering into the forward month before the last trading day of the spot month to ensure the Fund continues to replicate the required exposure to the Benchmark.

2.4 The Fund's asset allocation as at 30 June 2025 and comparison with the previous financial period

| Asset | 30 Jun 2025 | 30 Jun 2024 |
|------------------------------------------|-------------|-------------|
| Listed derivatives | -0.3% | -0.5% |
| Cash in margin account | 20.7% | 21.7% |
| Short term deposits and cash equivalents | 79.6% | 78.8% |

Note: The above mentioned percentages are based on total net asset value (NAV)

Reason for the differences in asset allocation

The lower percentage of cash in margin account as well as the short term cash and deposit during the financial period under review was a result of the decreased in value from the short positions of futures contracts in the Fund.

2.5 Fund performance analysis based on NAV per unit (adjusted for income distribution; if any) since last review period

| | Period under review 1 Jan 2025 – 30 Jun 2025 |
|----------------------------------------------------|-------------------------------------------------|
| KKL1X | 4.19 |
| FTSE Bursa Malaysia KLCI Daily Short (Price) Index | 6.02 |

Source: Lipper

For the financial period under review, the Fund underperformed its benchmark returns by 1.83% during the same period. The underperformance was a result of the daily compounding effect resulted from the futures-based replication investment strategy that involved rebalancing and rolling of underlying futures to obtain the required exposure to the Benchmark.

2.6 Review of the market

Market review

Global equity markets started 2025 on a positive note, continuing the momentum from the previous year. In the US, the Dow Jones, S&P 500 and Nasdaq gained 4.7%, 2.7% and 1.6% month-on-month (MoM) in January, respectively. However, technology-related stocks came under pressure due to a knee-jerk reaction following the Biden administration's release of the Interim Final Rule (IFR) on Artificial Intelligence Diffusion. Global equities received a boost after US President Trump's inauguration on 20 January 2025, with investors responded positively to his hints at a potentially softer stance on tariffs against China. Meanwhile, on the domestic front, the FBM Small Cap, FBM KLCI, FBM 100, and FBM Shariah indices declined by 5.1%, 5.2%, 5.6%, and 6.8% MoM, respectively, making Malaysia one of the worst-performing markets in ASEAN. Rising external risks triggered a sharp selloff in Malaysia's data centre-related stocks and AI-linked proxies. Among commodities, Brent crude prices rose 2.8% MoM to USD 76.80 per barrel, driven by heightened expectations of supply disruptions following new US sanctions on Russian energy trade. In contrast, crude palm oil (CPO) prices fell 3.6% MoM, weighed down by sluggish demand from top buyer India and the premium pricing of palm oil over soy oil, which led many buyers to switch to the latter.

2.6 Review of the market (contd.)

Market review (contd.)

February 2025 saw a shift in global equity markets, with mixed performances across regions. The Dow Jones, S&P 500, and Nasdaq declined by 1.6%, 1.4%, and 4.0% MoM respectively, as investor sentiment turned cautious amid a lacklustre earnings season and stretched valuations in mega-cap technology stocks. Market sentiment was further dampened by the implementation of new US tariffs, with a 10% levy on Chinese imports taking effect on 4 February 2025. This development triggered a selloff in export-oriented and technology-linked stocks globally. In Malaysia, the FBM 100, FBM Shariah, and FBM Small Cap indices fell by 0.7%, 2.8%, and 6.6% MoM, respectively. However, the FBM KLCI bucked the trend, rising by 1.1% MoM. Despite the modest rebound in the benchmark index, Malaysia recorded a net foreign outflow of RM2.2 billion in February, slightly lower than the RM3.1 billion outflow in January.

March 2025 was an exceptionally turbulent month for global equity markets. The Dow Jones, S&P 500, and Nasdaq plunged by 4.2%, 5.8%, and 8.2% MoM, respectively. Investor confidence was rattled by anticipation of President Trump's aggressive tariff strategy and mixed economic signals. Consumer sentiment fell to near 2½-year lows, reflecting growing caution among market participants. The US Federal Reserve (Fed) held interest rates steady at 4.50% for the second consecutive month and released economic projections indicating slower growth and higher inflation by year-end. The US-China trade war escalated sharply after President Trump raised tariffs on all Chinese imports to 20%, citing Beijing's failure to curb fentanyl shipments to the US. In retaliation, China imposed additional tariffs of 10% to 15% on selected US imports. These developments triggered significant selloffs in export-intensive sectors toward the end of the month. Malaysia's equity market remained under pressure, with the FBM KLCI (-3.9% MoM), FBM 100 (-3.4% MoM), FBM Shariah (-2.5% MoM), and FBM Small Cap (-2.1% MoM) continuing their downtrend. Foreign investors sold Malaysian equities every trading day in March, resulting in total net outflows of RM4.6 billion—the largest since February 2020. Year-to-date (YTD) 2025 foreign net selling stood at RM2.24 billion.

Markets were highly volatile in April 2025 following President Trump's announcement of 'Liberation Day', which imposed a 10% baseline tariff on all imports effective April 5 and additional reciprocal tariffs of 11% to 50% on 57 countries, sparking widespread uncertainty and concerns over global trade. Equity markets experienced a sharp selloff early in the month, but rebounded after the reciprocal tariffs which initially set to take effect on 9 April were postponed for 90 days, except for China, which faced a significantly higher tariff of 145%. News and speculation surrounding the tariffs dominated headlines globally, with market reactions to rumors, commentary, and policy shifts reaching historically high levels. In the US, the S&P 500 and Dow Jones declined by 0.8% and 3.2% MoM, respectively, while the Nasdaq managed a modest gain of 0.9%. In Asia, Chinese and Hong Kong markets were hit hard, with the Hang Seng and Shenzhen indices falling by 4.3% and 3.0% MoM, respectively. Domestically, Malaysia's FBM KLCI plunged 7.5% to a low of 1,400 points on 9 April, the day the reciprocal tariffs were set to take effect. However, the index rebounded sharply after President Trump announced the 90-day pause and signaled a willingness to negotiate on trade. The FBM KLCI ended the month up 1.8% at 1,540 points.

2.6 Review of the market (contd.)

Market review (contd.)

US equity markets rebounded strongly in May 2025, recovering from April's volatility. The Nasdaq surged 9.6% MoM, while the S&P 500 and Dow Jones gained 6.2% and 3.9% MoM, respectively. The rally was driven by easing tariff concerns following a truce between the US and China, in which both nations agreed to pause reciprocal tariffs for 90 days. As part of the agreement, the U.S. reduced its tariffs from 145% to 30%, and China lowered its rates from 125% to 10%, effective 14 May. The move aimed to de-escalate trade tensions and open the door for broader economic negotiations. Domestically, Malaysia's economy continued to moderate, expanding by 4.4% in 1Q2025 recorded its third consecutive quarter of slowing growth. In response, Bank Negara Malaysia (BNM) reduced the Statutory Reserve Requirement (SRR) ratio from 2.00% to 1.00%, the lowest level in 14 years, injecting approximately RM19 billion of liquidity into the banking system. Despite global optimism, Malaysian equities remained under pressure. The FBM KLCI fell 2.1% MoM. Foreign net outflows totalled RM1.7 billion, driven by weak 1Q earnings and poor forward visibility. Sentiment was further dampened by a reduction in Malaysia's MSCI index weight. The FBM Shariah slipped 0.2% MoM, while the FBM Small Cap managed a modest gain of 0.7%

US equity markets extended their gains in June 2025 as recession, tariff, and geopolitical concerns eased. The Dow Jones, S&P 500, and Nasdaq rose by 4.3%, 5.0%, and 6.6% MoM, respectively. Markets shrugged off initial fears of a potential Iran-Israel war, which was swiftly de-escalated following a ceasefire announced by President Trump on 24 June. Investor optimism was further supported by expectations that US reciprocal tariffs would be reduced as the 90-day pause neared its July deadline. This anticipation supported the rally across major indices. In Asia, the MSCI Asia ex-Japan index climbed 5.7% MoM, while the MSCI ASEAN index was flat. Domestically, Malaysian equities posted modest gains, with the FBM KLCI, FBM 100, and FBM Shariah rising between 1.5% and 1.6% MoM. However, the FBM Small Cap index declined by 0.9% MoM. Sector-wise, utilities and energy outperformed, while healthcare lagged. The government announced an expansion of the Sales and Service Tax (SST), introducing a 5% to 10% sales tax on selected goods and broadening the service tax to cover new sectors. In terms of fund flows, local institutional investors recorded net inflows of RM1.7 billion, while foreign investors were net sellers, with outflows amounting to RM1.3 billion.

Overall, the Malaysian equity market remained under pressure in the first half of 2025, diverging from the strong performance of global equities. YTD, the FBM KLCI, FBM 100, FBM Shariah, and FBM Small Cap indices fell by 6.7%, 8.4%, 9.2%, and 14.8%, respectively, weighed down by external uncertainties, and heightened sensitivity to global trade tensions.

Market outlook

While the exact tariff policies are still being negotiated, the overall rise in tariffs will be a drag to global trade and growth. Additionally, the uncertainty ahead of actual implementation could cause a slowdown in business activity and spending. The focus in the near term will be on bilateral negotiations and retaliations, with the escalation between the US and China a key factor to watch. In the near term, the Fed is likely to monitor the situation before making any moves as it has to balance between higher inflation in the short term and anticipated weaker growth from the tariff shock. Additionally a spending bill put forth by the Trump administration; the 'One Big Beautiful Bill' could boost Gross Domestic Product (GDP) growth via tax cuts and additional spending but also result in a worsening budget deficit for the US government.

2.6 Review of the market (contd.)

Market outlook (contd.)

In light of the increased external uncertainties, Malaysia's GDP growth and corporate earnings are also subject to likelihood of downward revision. Particularly, the export-oriented sectors are expected to bear the brunt of the direct US tariffs and stronger ringgit, as well as the spill over effects from escalating tensions and second-order demand destruction. On the other hand, domestic-oriented sectors are relatively more insulated.

2.7 Distributions

The Fund did not declare any income distributions during the financial period under review.

2.8 Details of any unit split exercise

The Fund did not carry out any unit split exercise during the financial period under review.

2.9 Significant changes in the state of affairs of the Fund during the financial period

There were no significant changes in the state of affairs of the Fund during the financial period under review and up until the date of the Manager's report, not otherwise disclosed in the financial statements.

2.10 Circumstances that materially affect any interests of the unit holders

There were no circumstances that materially affected any interests of the unit holders during the financial period under review.

2.11 Rebates and soft commissions

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. As the Fund solely invested in listed derivatives, the Manager did not receive any rebates or soft commissions from its stockbrokers during the financial period under review.

2.12 Cross-trade

During the financial period under review, no cross-trade transactions were undertaken by the Manager for the Fund.

2.13 Securities financing transactions

Securities financing transactions are transactions consisting of securities lending or repurchase. During the financial period under review, the Fund had not undertaken any securities financing transactions.

3. FUND PERFORMANCE

3.1 Details of portfolio composition of the Fund as at 30 June 2025 against the last three financial years as at 31 December are as follows:

a. Distribution among industry sectors and category of investments:

| | As at 30.6.2025 | FY 2024 | FY 2023 | FY 2022 |
|------------------------------------------|--------------------|--------------|--------------|--------------|
| | % | % | % | % |
| Listed derivatives | -0.3 | -0.2 | 0.2 | -1.2 |
| Cash in margin account | 20.7 | 18.1 | 28.4 | 29.4 |
| Short term deposits and cash equivalents | 79.6 | 82.1 | 71.4 | 71.8 |
| | <u>100.0</u> | <u>100.0</u> | <u>100.0</u> | <u>100.0</u> |

Note: The above mentioned percentages are based on total net asset value (NAV)

b. Distribution among countries and markets

The Fund invests in Malaysia listed derivatives, and short term deposits and cash equivalents only.

c. Weightings of the top 10 constituents of the Underlying Index as at 30 June 2025

| Rank | Constituent | Index Weight (%) |
|------|---------------------------------------|------------------|
| 1 | Malayan Banking Berhad | 12.95 |
| 2 | Tenaga Nasional Berhad | 11.41 |
| 3 | Public Bank Berhad | 11.13 |
| 4 | CIMB Group Holdings Berhad | 10.01 |
| 5 | Gamuda Berhad | 4.29 |
| 6 | IHH Healthcare Berhad | 3.72 |
| 7 | Telekom Malaysia Berhad | 3.49 |
| 8 | Press Metal Aluminium Holdings Berhad | 3.12 |
| 9 | Petronas Gas Berhad | 2.98 |
| 10 | SD Guthrie Berhad | 2.98 |

Source: Bloomberg

Details of the Fund's quoted investments as at 30 June 2025 are disclosed under Note 4 of the financial statements.

3.2 Performance details of the Fund for the financial period ended 30 June 2025 against the last five financial years/period ended 31 December are as follows:

| | Period from 1.1.2025 to 30.6.2025 | FY 2024 | FY 2023 | FY 2022 | FY 2021 | Period from 20.12.2019 (date of commencement) to 31.12.2020 |
|-------------------------------------------------------|-----------------------------------------|------------|------------|------------|------------|-------------------------------------------------------------------------|
| Total asset value (RM Million) | 1.79 | 1.72 | 1.94 | 1.92 | 1.91 | 1.85 |
| Net asset value ("NAV") (RM Million) ¹ | 1.78 | 1.71 | 1.94 | 1.90 | 1.88 | 1.84 |
| Units in circulation (Million) | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| NAV per unit (RM) | 1.7828 | 1.7111 | 1.9351 | 1.9004 | 1.8809 | 1.8434 |
| Highest NAV per unit (RM) | 1.9676 | 1.9335 | 2.0554 | 2.0867 | 2.0029 | 2.6037 |
| Lowest NAV per unit (RM) | 1.7111 | 1.6607 | 1.8906 | 1.8029 | 1.8298 | 1.7815 |
| Listed price (RM) ¹ | 1.7850 | 1.7350 | 1.9100 | 1.9150 | 1.9200 | 1.8450 |
| Highest listed price (RM) | 1.9270 | 1.9100 | 2.0500 | 2.0550 | 2.0000 | 2.6700 |
| Lowest listed price (RM) | 1.7350 | 1.6700 | 1.8400 | 1.8050 | 1.8200 | 1.8450 |
| Total return (%) | 4.19 | -11.57 | 1.83 | 1.04 | 2.03 | -7.83 |
| - Capital growth (%) | 4.19 | -11.57 | 1.83 | 1.04 | 2.03 | -7.83 |
| - Income growth (%) | - | - | - | - | - | - |
| Gross distribution per unit (sen) | - | - | - | - | - | - |
| Net distribution per unit (sen) | - | - | - | - | - | - |
| Total expense ratio ("TER") (%) ² | 0.62 | 0.87 | 0.81 | 1.04 | 0.92 | 0.87 |
| Portfolio turnover ratio ("PTR") (times) ³ | 6.32 | 12.42 | 12.05 | 12.41 | 12.49 | 13.81 |
| Tracking error | 0.71 | 0.50 | 0.55 | 2.34 | 1.13 | 1.20 |

3.2 Performance details of the Fund for the financial period ended 30 June 2025 against the last five financial years/period ended 31 December are as follows: (contd.)

Note: Total return is the actual return of the Fund for the respective financial periods/ years, computed based on NAV per unit and net of all fees.

TER is computed based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis. PTR is computed based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis.

Above NAV and NAV per unit are not shown as ex-distribution as there were no distributions declared by the Fund during the financial period under review.

- ¹ As of 30 June 2025, the Fund's net asset value stood at RM1.78 million, with 1 million units in circulation.
- ² TER is lower compared to the previous financial year primarily due to lower expenses incurred during the financial period under review.
- ³ PTR is lower due to lesser daily rebalancing frequency of futures contracts in the Fund during the financial period under review.

3.3 Average total return of the Fund

| | 1 Year 30 Jun 24 - 30 Jun 25 | 3 Years 30 Jun 22 - 30 Jun 25 | 5 Years 30 Jun 20 - 30 Jun 25 |
|----------------------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|
| KKL1X | 0.99% | -3.44% | -2.11% |
| FTSE Bursa Malaysia KLCI Daily Short (Price) Index | 1.98% | -2.60% | -0.91% |

Source: Lipper

3.4 Annual total return of the Fund

| | Period under review 31 Dec 24 - 30 Jun 25 | Financial Years/Since Inception | | | | |
|----------------------------------------------------|-------------------------------------------------------|---------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | 31 Dec 23 - 31 Dec 24 | 31 Dec 22 - 31 Dec 23 | 31 Dec 21 - 31 Dec 22 | 31 Dec 20 - 31 Dec 21 | 20 Dec 19 - 31 Dec 20 |
| KKL1X | 4.19% | -11.58% | 1.83% | 1.04% | 2.03% | -7.83% |
| FTSE Bursa Malaysia KLCI Daily Short (Price) Index | 6.02% | -12.23% | 2.26% | 3.27% | 2.64% | -4.16% |

Source: Lipper

Investors are reminded that past performance is not necessarily indicative of future performance. Unit prices and investment returns may fluctuate.

KENANGA KLCI DAILY (-1X) INVERSE ETF

**Unaudited Semi-Annual Financial Statements Together with
Trustee's Report and Statement by the Manager**

30 June 2025

KENANGA KLCI DAILY (-1X) INVERSE ETF

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**TRUSTEE'S REPORT
TO THE UNIT HOLDERS OF KENANGA KLCI DAILY (-1X) INVERSE ETF ("Fund")**

We have acted as Trustee of the Fund for the financial period from 1 January 2025 to 30 June 2025 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Kenanga Investors Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Exchange-traded Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For RHB TRUSTEES BERHAD
[Company No.:200201005356 (573019-U)]

LIM BEE FANG
ASSISTANT VICE PRESIDENT

WONG CHOOI YIN
ASSISTANT VICE PRESIDENT

Kuala Lumpur, Malaysia

21 August 2025

STATEMENT BY THE MANAGER

I, **Datuk Wira Ismitz Matthew De Alwis**, being a director of **Kenanga Investors Berhad**, do hereby state that, in the opinion of the Manager, the accompanying statement of financial position as at 30 June 2025 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 January 2025 to 30 June 2025 together with notes thereto, are drawn up in accordance with MFRS Accounting Standards and IFRS Accounting Standards so as to give a true and fair view of the financial position of **Kenanga KLCI Daily (-1x) Inverse ETF** as at 30 June 2025 and of its financial performance and cash flows for the financial period from 1 January 2025 to 30 June 2025 and comply with the requirements of the Deed.

For and on behalf of the Manager
KENANGA INVESTORS BERHAD

DATUK WIRA ISMITZ MATTHEW DE ALWIS
Executive Director/Chief Executive Officer

Kuala Lumpur, Malaysia

21 August 2025

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025 *(unaudited)*

| | Note | 1.1.2025 to 30.6.2025 RM | 1.1.2024 to 30.6.2024 RM |
|---------------------------------------------------------------------------------------------------------------------|-------------|-----------------------------------------|-----------------------------------------|
| INVESTMENT INCOME | | | |
| Interest income | | 22,450 | 22,038 |
| Net gain/(loss) from investments: | | | |
| - Financial liabilities at fair value through profit or loss ("FVTPL") | 4 | <u>57,675</u> | <u>(180,275)</u> |
| | | <u>80,125</u> | <u>(158,237)</u> |
| EXPENSES | | | |
| Manager's fee | 5 | 4,482 | 4,491 |
| Trustee fee | 6 | 359 | 423 |
| Index license fee | 7 | 484 | 485 |
| Administration expenses | 8 | 293 | 2,480 |
| Brokerage and other transaction costs | | <u>2,221</u> | <u>2,113</u> |
| | | <u>7,839</u> | <u>9,992</u> |
| NET INCOME/(LOSS) BEFORE TAX | | 72,286 | (168,229) |
| Income tax | 9 | <u>(625)</u> | <u>(1,473)</u> |
| NET INCOME/(LOSS) AFTER TAX, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD | | <u>71,661</u> | <u>(169,702)</u> |
| Net income/(loss) after tax is made up as follows: | | | |
| Realised gain/(loss) | | 72,986 | (157,027) |
| Unrealised loss | 4 | <u>(1,325)</u> | <u>(12,675)</u> |
| | | <u>71,661</u> | <u>(169,702)</u> |

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025 *(unaudited)*

| | Note | 30.6.2025 RM | 30.6.2024 RM |
|-------------------------------------------------------------|-------------|-------------------------|-------------------------|
| ASSETS | | | |
| INVESTMENT | | | |
| Short term deposits | 10 | <u>1,398,421</u> | <u>1,352,033</u> |
| OTHER ASSETS | | | |
| Amount due from Manager | | 9,955 | 27,456 |
| Other receivables | 11 | 817 | 4,951 |
| Tax recoverable | | 960 | - |
| Cash in margin account | 12 | 369,267 | 382,676 |
| Cash at bank | | <u>10,958</u> | <u>10,668</u> |
| | | <u>391,957</u> | <u>425,751</u> |
| TOTAL ASSETS | | <u>1,790,378</u> | <u>1,777,784</u> |
| LIABILITIES | | | |
| Financial liabilities at FVTPL | 4 | 4,975 | 8,775 |
| Amount due to Trustee | | 53 | 223 |
| Amount due to Index Provider | | 2,238 | 1,281 |
| Other payables | | 312 | 260 |
| Provision for taxation | | - | 1,839 |
| TOTAL LIABILITIES | | <u>7,578</u> | <u>12,378</u> |
| EQUITY | | | |
| Unit holders' contribution | | 2,000,000 | 2,000,000 |
| Accumulated losses | | <u>(217,200)</u> | <u>(234,594)</u> |
| NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS | 13 | <u>1,782,800</u> | <u>1,765,406</u> |
| TOTAL LIABILITIES AND EQUITY | | <u>1,790,378</u> | <u>1,777,784</u> |
| NUMBER OF UNITS IN CIRCULATION | 13(a) | <u>1,000,000</u> | <u>1,000,000</u> |
| NAV PER UNIT (RM) | | <u>1.7828</u> | <u>1.7654</u> |

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

STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025 *(unaudited)*

| | Unit holders' contribution RM | Accumulated losses RM | Total NAV RM |
|--------------------------------------|----------------------------------------------|--------------------------------------|-------------------------|
| 1.1.2025 to 30.6.2025 | | | |
| At beginning of the financial period | 2,000,000 | (288,861) | 1,711,139 |
| Total comprehensive income | - | 71,661 | 71,661 |
| At end of the financial period | <u>2,000,000</u> | <u>(217,200)</u> | <u>1,782,800</u> |
| 1.1.2024 to 30.6.2024 | | | |
| At beginning of the financial period | 2,000,000 | (64,892) | 1,935,108 |
| Total comprehensive loss | - | (169,702) | (169,702) |
| At end of the financial period | <u>2,000,000</u> | <u>(234,594)</u> | <u>1,765,406</u> |

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2025 TO 30 JUNE 2025 *(unaudited)*

| | 1.1.2025 to 30.6.2025 RM | 1.1.2024 to 30.6.2024 RM |
|---------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES | | |
| Net gain/(loss) from financial liabilities at FVTPL | 59,000 | (167,600) |
| Interest received | 22,161 | 22,270 |
| Trustee's fee paid | (763) | (326) |
| Brokerage fee paid to financial institution | (2,221) | (2,112) |
| Manager's fee paid | (4,477) | (4,584) |
| Payment for other fees and expenses | (11,366) | (10,946) |
| (Deposit to)/Withdrawal from margin account | (59,532) | 166,437 |
| Cash generated from operating and investing activities | 2,802 | 3,139 |
| Income tax paid | (559) | (805) |
| Net cash generated from operating and investing activities | 2,243 | 2,334 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 2,243 | 2,334 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | 1,407,136 | 1,360,367 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD | 1,409,379 | 1,362,701 |
| Cash and cash equivalents comprise: | | |
| Cash at bank | 10,958 | 10,668 |
| Short term deposits | 1,398,421 | 1,352,033 |
| | 1,409,379 | 1,362,701 |

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 January 2025 TO 30 June 2025
(unaudited)

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Kenanga KLCI Daily (-1x) Inverse ETF (the “Fund”) was constituted pursuant to the executed Deed dated 4 September 2019 (the “Deed”) between Kenanga Investors Berhad (the “Manager”) and RHB Trustees Berhad (the “Trustee”). On 13 July 2023, the First Supplemental Deed was entered between the Manager and the Trustee to modify the Principal Deed in order to incorporate recent changes to the relevant laws. The Fund commenced operations on 20 December 2019 and listed on Bursa on 9 January 2020, and will continue to be in operation until terminated as provided under Clause 26 of the Deed.

Kenanga Investors Berhad is a wholly-owned subsidiary of Kenanga Investment Bank Berhad that is listed on the Main Market of Bursa Malaysia Securities Berhad. All of these companies are incorporated in Malaysia.

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

The Fund is listed on the Main Market of Bursa Malaysia Securities Berhad from 13 January 2020 and aims to provide daily performance, before fees and expenses, which closely corresponds to the daily performance of the benchmark, the FTSE Bursa Malaysia KLCI Daily Short (Price) Index, as provided by FTSE International Limited (the “Index Provider”).

The Manager intends to adopt a futures-based replication investment strategy to achieve the investment objective of the Fund.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks including market risk (which includes interest rate risk and price 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 an 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 and price risk.

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

a. Market risk (contd.)

Market risk arises when the value of the 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 investments' prices caused by uncertainties in the economic, political and social environment will affect the NAV of the Fund.

The Manager manages the risk of unfavourable changes in prices by cautious review of the 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 performance of Fund's investments. Rate offered by the financial institutions will fluctuate according to the Overnight Policy Rate determined by Bank Negara Malaysia and this has direct correlation with the Fund's investments in short term deposits.

The Fund is not exposed to significant interest rate risk as its deposits are short term in nature and have fixed interest rates.

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 interest rate* % |
|---------------------------|-----------------------|-----------------------------------------------------------|------------------|------------------------------------------------------------|
| 30.6.2025 | | | | |
| Assets | | | | |
| Short term deposits | 1,398,421 | - | 1,398,421 | 2.8 |
| Other financial assets | - | 391,957 | 391,957 | |
| | <u>1,398,421</u> | <u>391,957</u> | <u>1,790,378</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 (contd.)

Interest rate risk exposure (contd.)

| | Up to 1 year RM | Non- exposure to interest rate movement RM | Total RM | Weighted average effective interest rate* % |
|--------------------------------------------|-----------------------|-----------------------------------------------------------|------------------|------------------------------------------------------------|
| 30.6.2025 (contd.) | | | | |
| Liabilities | | | | |
| Financial liabilities at FVTPL | - | 4,975 | 4,975 | |
| Other financial liabilities | - | 2,291 | 2,291 | |
| | - | 7,266 | 7,266 | |
| Total interest rate sensitivity gap | 1,398,421 | 384,691 | 1,783,112 | |
| 30.6.2024 | | | | |
| Assets | | | | |
| Short term deposits | 1,352,033 | - | 1,352,033 | 2.8 |
| Other financial assets | - | 425,751 | 425,751 | |
| | 1,352,033 | 425,751 | 1,777,784 | |
| Liabilities | | | | |
| Financial liabilities at FVTPL | - | 8,775 | 8,775 | |
| Other financial liabilities | - | 3,343 | 3,343 | |
| | - | 12,118 | 12,118 | |
| Total interest rate sensitivity gap | 1,352,033 | 413,633 | 1,765,666 | |

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

ii. Price risk

Price risk is the risk of unfavourable changes in the fair values of listed derivatives. The Fund invests in listed derivatives which are exposed to price fluctuations. This may then affect the NAV per unit of the Fund.

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

a. Market risk (contd.)

ii. Price risk (contd.)

Price risk sensitivity

The Manager's best estimate of the effect on the income/(loss) for the financial period due to a reasonably possible change in investments in listed derivatives with all other variables held constant is indicated in the table below:

| | Changes in price Increase/(Decrease) Basis points | Effects on income/(loss) for the financial period (Loss)/Gain RM |
|-----------------------------------|---------------------------------------------------------|------------------------------------------------------------------------------|
| 30.6.2025 | | |
| Financial liabilities at FVTPL | 5/(5) | (920)/920 |
| 30.6.2024 | | |
| Financial liabilities at FVTPL | 5/(5) | (878)/878 |

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

Price risk concentration

The following table sets out the Fund's exposure and concentration to price risk based on its portfolio of financial instruments as at the reporting date.

| | Fair value | | Percentage of NAV | |
|-----------------------------------|-----------------|-----------------|-------------------|----------------|
| | 30.6.2025 RM | 30.6.2024 RM | 30.6.2025 % | 30.6.2024 % |
| Financial liabilities at FVTPL | (4,975) | (8,775) | (0.3) | (0.5) |

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.

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

b. Credit risk (contd.)

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 deposits with financial institutions licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013. The following table analyses the licensed financial institutions by rating category:

Short term deposits

| Rating | Percentage of total short term deposits | | Percentage of NAV | |
|-----------|--------------------------------------------|-----------|-------------------|-----------|
| | 30.6.2025 | 30.6.2024 | 30.6.2025 | 30.6.2024 |
| | % | % | % | % |
| P1/MARC-1 | 100.0 | 100.0 | 78.4 | 76.6 |

As the Fund invests in listed derivatives, the cash in margin account represents margin deposits held in respect of the open exchange-traded futures contracts. The following table analyses these financial assets by rating category:

Cash in margin account

| Rating | Percentage of total cash in margin account | | Percentage of NAV | |
|-----------|-----------------------------------------------|-----------|-------------------|-----------|
| | 30.6.2025 | 30.6.2024 | 30.6.2025 | 30.6.2024 |
| | % | % | % | % |
| Not rated | 100.0 | 100.0 | 20.7 | 21.7 |

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

c. Liquidity risk (contd.)

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 at banks, short term deposits with licensed financial institutions and other 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 | No maturity RM | Up to 1 year RM | Total RM |
|--------------------------------|------|-------------------|--------------------|------------------|
| 30.6.2025 | | | | |
| Assets | | | | |
| Short term deposits | | - | 1,398,421 | 1,398,421 |
| Cash at bank | | 10,958 | - | 10,958 |
| Cash in margin account | | 369,267 | - | 369,267 |
| Other financial assets | | - | 10,772 | 10,772 |
| | i. | <u>380,225</u> | <u>1,409,193</u> | <u>1,789,418</u> |
| Liabilities | | | | |
| Financial liabilities at FVTPL | | - | 4,975 | 4,975 |
| Other financial liabilities | | - | 2,291 | 2,291 |
| | ii. | <u>-</u> | <u>7,266</u> | <u>7,266</u> |
| Equity | iii. | <u>-</u> | <u>1,782,800</u> | <u>1,782,800</u> |
| Liquidity gap | | <u>380,225</u> | <u>(380,873)</u> | <u>(648)</u> |
| 30.6.2024 | | | | |
| Assets | | | | |
| Short term deposits | | - | 1,352,033 | 1,352,033 |
| Cash at bank | | 10,668 | - | 10,668 |
| Cash in margin account | | 382,676 | - | 382,676 |
| Other financial assets | | - | 32,407 | 32,407 |
| | i. | <u>393,344</u> | <u>1,384,440</u> | <u>1,777,784</u> |

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

c. Liquidity risk (contd.)

| | Note | No maturity RM | Up to 1 year RM | Total RM |
|--------------------------------|------|-------------------|--------------------|-------------|
| 30.6.2024 (contd.) | | | | |
| Liabilities | | | | |
| Financial liabilities at FVTPL | | - | 8,775 | 8,775 |
| Other financial liabilities | | - | 1,504 | 1,504 |
| | ii. | - | 10,279 | 10,279 |
| Equity | iii. | - | 1,765,406 | 1,765,406 |
| Liquidity gap | | 393,344 | (391,245) | 2,099 |

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. The Fund's investments in listed derivatives have been included in the "up to 1 year" category on the assumption that these are highly liquid investments which can be realised should all of the Fund's unit holders' equity be required to be redeemed. For other financial 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

Analysis of financial liabilities at FVTPL into maturity groupings is based on the expected date on which these liabilities will be realised. The Fund's investments in listed derivatives have been included in the "up to 1 year" category on the assumption that these are highly liquid investments which can be realised should all of the Fund's unit holders' equity be required to be redeemed. For other financial liabilities, the analysis into 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". As a result, it appears that the Fund has a liquidity gap within "up to 1 year". However, the Fund believes that it would be able to liquidate its investments should the need arises to satisfy all the redemption requirements.

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

d. Regulatory reportings

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

a. Basis of accounting

The financial statements of the Fund have been prepared in accordance with MFRS Accounting Standards (“MFRS”) as issued by the Malaysian Accounting Standards Board (“MASB”) and IFRS Accounting 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 amended MFRS, which became effective for the Fund on 1 January 2025.

| Description | Effective for financial periods beginning on or after |
|-------------------------------------------------|-------------------------------------------------------|
| Amendments to MFRS 121: Lack of Exchangeability | 1 January 2025 |

The adoption of the amended MFRS did not have any material impact on the financial position or performance of the Fund.

b. Standards and amendments to standards issued but not yet effective

As at the reporting date, the following standards and amendments to standards 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 amendments to standards when they become effective.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

b. Standards and amendments to standards issued but not yet effective (contd.)

| Description | Effective for financial periods beginning on or after |
|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| Amendments that are part of Annual Improvements—Volume | |
| 11: Amendments to MFRS 1, 7, 9, 10 and 107 | 1 January 2026 |
| Amendments to MFRS 9 and MFRS 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i> | 1 January 2026 |
| Amendments to MFRS 9 and MFRS 7: <i>Contracts Referencing Nature-dependent Electricity</i> | 1 January 2026 |
| MFRS 18: <i>Presentation and Disclosure in Financial Statements</i> | 1 January 2027 |
| MFRS 19 Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |
| Withdrawal of MFRS 101: Presentation of Financial Statements | 1 January 2027 |
| 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 |

These pronouncements are not expected to have any material impact to the financial statements of the Fund upon their initial application, except for MFRS 18. The Fund is still assessing the impact of the adoption of the standard.

c. Financial instruments

Financial assets and liabilities 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. Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 3(c)(ii) and (iii).

ii. 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

c. Financial instruments (contd.)

ii. Measurement categories of financial assets and liabilities (contd.)

Financial assets are initially measured at their fair values plus, except in the case of financial assets recorded at FVTPL, transaction costs.

The Fund's other financial assets include cash at banks, short term 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 and initially measured at fair values, net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate ("EIR"). Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

The Fund only measures the cash at banks, short term 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 interest ("SPPI") 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

c. Financial instruments (contd.)

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

Business model assessment (contd.)

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 the 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.

The SPPI test

As a second step of its classification process, the Fund assesses the contractual terms of financial assets to identify whether they meet the SPPI 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 interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI 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 interest rate is set.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

c. Financial instruments (contd.)

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

The SPPI test (contd.)

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 interest 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 SPPI 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.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

d. Derecognition of financial assets (contd.)

- 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.

e. Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis and to realise the assets and settle the liabilities simultaneously.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

f. Impairment of financial assets

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

The Fund measures its receivables 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.

g. 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.

Interest income is recognised using the effective interest method.

The realised gain or loss on sale of investments is measured as the difference between the net disposal proceeds and the carrying amount of the investments.

h. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash at banks and short term deposits with licensed financial institutions with maturities of three months or less, which have an insignificant risk of changes in value.

i. 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.

j. Unrealised reserves

Unrealised reserves represent the net gain or loss arising from carrying investments at their fair values at reporting date. This reserve is not distributable.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

k. Unit holders' contribution – NAV attributable to unit holders

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

l. 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.

m. 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.

n. Significant accounting judgement and estimates

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

i. Critical judgements made in applying accounting policies

There are no major judgements 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 period.

4. FINANCIAL LIABILITIES AT FVTPL

The Fund invests in listed derivatives – KLCI futures contracts. Futures contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash.

| | 30.6.2025 RM | 30.6.2024 RM |
|-----------------------------------------------------------------|--------------------------------|--------------------------------|
| Financial liabilities held for trading, at FVTPL: | | |
| Listed derivatives – KLCI futures contracts | (4,975) | (8,775) |
| | 1.1.2025 to 30.6.2025 RM | 1.1.2024 to 30.6.2024 RM |
| Net gain/(loss) on financial liabilities at FVTPL comprised: | | |
| Realised gain/(loss) on disposals | 59,000 | (167,600) |
| Unrealised changes in fair values | (1,325) | (12,675) |
| | 57,675 | (180,275) |

There were 24 futures contracts with notional principal amount of RM1,839,600 that remain outstanding as at 30 June 2025 (30 June 2024: 22 futures contract with notional principal amount of RM1,756,150).

5. MANAGER'S FEE

The Manager's fee is calculated on a daily basis at a rate not exceeding 3.00% per annum of the NAV of the Fund as provided under Division 15.1 of the Deed.

The Manager is currently calculated at 0.50% per annum of the NAV of the Fund (financial period from 1 January 2024 to 30 June 2024: 0.50% per annum).

6. TRUSTEE'S FEE

The Trustee's fee is calculated on a daily basis at a rate not exceeding 0.10% per annum of the NAV of the Fund as provided under Division 15.2 of the Deed.

The Trustee's fee is currently calculated at 0.04% per annum of the NAV of the Fund (financial period from 1 January 2024 to 30 June 2024: 0.04% per annum).

7. INDEX LICENSE FEE

The index license fee is calculated based on the NAV accrued daily for every quarter and is payable to the Index Provider.

The index license fee is currently calculated at 0.05% per annum of the NAV of the Fund (financial period from 1 January 2024 to 30 June 2024: 0.05% per annum).

8. AUDITORS' REMUNERATION, TAX AGENT'S FEE AND OTHER ADMINISTRATION EXPENSES

The auditors' remuneration, tax agent's fee and certain other administration expenses for the current and previous financial periods were borne by the Manager.

9. INCOME TAX

| | 30.6.2025 RM | 30.6.2024 RM |
|-------------------------|-----------------|-----------------|
| Malaysian income tax: | | |
| - Current period charge | 625 | 1,473 |

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

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.

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

| | 1.1.2025 to 30.6.2025 RM | 1.1.2024 to 30.6.2024 RM |
|--------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Net income/(loss) before tax | 72,286 | (168,229) |
| Tax at Malaysian statutory tax rate of 24% (financial period from 1 January 2024 to 30 June 2024: 24%) | 17,349 | (40,375) |
| Tax effect of: | | |
| Income not subject to tax | (18,843) | (1,516) |
| Losses not deductible for tax purposes | 318 | 40,224 |
| Expenses not deductible for tax purposes | 806 | 2,170 |
| Restriction on tax deductible expenses for unit trust fund | 995 | 970 |
| Income tax for the financial period | 625 | 1,473 |

10. SHORT TERM DEPOSITS

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

11. OTHER RECEIVABLES

| | 30.6.2025 RM | 30.6.2024 RM |
|----------------------------------------------|-----------------|-----------------|
| Interest receivable from short term deposits | 107 | 104 |
| Interest receivable from margin account | 710 | 347 |
| Registrar security deposits | - | 4,500 |
| | <u>817</u> | <u>4,951</u> |

12. CASH IN MARGIN ACCOUNT

Cash in margin account represents margin deposits held in respect of the open exchange-traded futures contracts.

13. NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS

NAV attributable to unit holders is represented by:

| | Note | 30.6.2025 RM | 30.6.2024 RM |
|----------------------------|------|------------------|------------------|
| Unit holders' contribution | (a) | <u>2,000,000</u> | <u>2,000,000</u> |
| <u>Accumulated losses:</u> | | | |
| Realised deficits | | (212,225) | (225,819) |
| Unrealised deficits | | <u>(4,975)</u> | <u>(8,775)</u> |
| | | <u>(217,200)</u> | <u>(234,594)</u> |
| | | <u>1,782,800</u> | <u>1,765,406</u> |

(a) Unit holders' contribution

| | 1.1.2025 to 30.6.2025 No. of units | RM | 1.1.2024 to 30.6.2024 No. of units | RM |
|------------------------------------------|---------------------------------------|------------------|---------------------------------------|------------------|
| At beginning/end of the financial period | <u>1,000,000</u> | <u>2,000,000</u> | <u>1,000,000</u> | <u>2,000,000</u> |

The Manager, Kenanga Investors Berhad, did not hold any units in the Fund, either legally or beneficially, as at 30 June 2025 (30 June 2024: nil). The other parties related to the Manager did not hold any units in the Fund either legally or beneficially, as at 30 June 2025 (30 June 2024: 610,900 units valued at RM1,078,483).

14. PORTFOLIO TURNOVER RATIO ("PTR")

PTR for the financial period from 1 January 2025 to 30 June 2025 is 6.32 times (financial period from 1 January 2024 to 30 June 2024: 6.15 times).

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

15. TOTAL EXPENSE RATIO ("TER")

TER for the financial period from 1 January 2025 to 30 June 2025 is 0.62% per annum (financial period from 1 January 2024 to 30 June 2024: 0.88% per annum).

TER 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.

16. TRANSACTIONS WITH LICENSED FINANCIAL INSTITUTIONS

| | Transaction value RM | Percentage of total % | Brokerage, stamp duty and clearing fee RM | Percentage of total % |
|-----------------------------|----------------------------|-----------------------------|-------------------------------------------------------|-----------------------------|
| Kenanga Futures Sdn Bhd* | 22,847,625 | 100.0 | 2,079 | 100.0 |

* Kenanga Futures Sdn Bhd is a related party of Kenanga Investors Berhad.

The above transactions values are in respect of listed derivatives (future contracts).

The directors of the Manager are of the opinion that the transactions with the related party have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The Manager is of the opinion that the above dealings have been transacted on an arm's length basis.

17. SEGMENTAL REPORTING

a. Business segments

In accordance with the objective of the Fund, up to 70% of the Fund's NAV is to be committed as margin for futures contracts with the remaining balance in other liquid assets. The following table provides an analysis of the Fund's revenue, results, assets and liabilities by business segments:

| | Listed derivatives RM | Other investments RM | Total RM |
|--------------------------------|-----------------------------|----------------------------|-------------|
| 1.1.2025 to 30.6.2025 | | | |
| Revenue | | | |
| Segment income | 60,719 | 19,406 | |
| Segment expenses | (2,221) | - | |
| Net segment income | | | |
| representing segment results | 58,498 | 19,406 | 77,904 |
| Unallocated expenditure | | | (5,618) |
| Income before tax | | | 72,286 |
| Income tax | | | (625) |
| Net income after tax | | | 71,661 |
| 30.6.2025 | | | |
| Assets | | | |
| Short term deposits | - | 1,398,421 | |
| Cash in margin account | 369,267 | - | |
| Other segment assets | 710 | 107 | |
| Total segment assets | 369,977 | 1,398,528 | 1,768,505 |
| Unallocated assets | | | 21,873 |
| | | | 1,790,378 |
| Liabilities | | | |
| Financial liabilities at FVTPL | 4,975 | - | 4,975 |
| Unallocated liabilities | | | 2,603 |
| | | | 7,578 |

17. SEGMENTAL REPORTING (CONTD.)

a. Business segments (contd.)

| | Listed derivatives RM | Other investments RM | Total RM |
|--------------------------------|-----------------------------|----------------------------|-------------|
| 1.1.2024 to 30.6.2024 | | | |
| Revenue | | | |
| Segment (loss)/income | (177,230) | 18,993 | |
| Segment expenses | (2,113) | - | |
| Net segment (loss)/income | | | |
| representing segment results | (179,343) | 18,993 | (160,350) |
| Unallocated expenditure | | | (7,879) |
| Loss before tax | | | (168,229) |
| Income tax | | | (1,473) |
| Net loss after tax | | | (169,702) |
| 30.6.2024 | | | |
| Assets | | | |
| Short term deposits | - | 1,352,033 | |
| Cash in margin account | 382,676 | - | |
| Other segment assets | 347 | 104 | |
| Total segment assets | 383,023 | 1,352,137 | 1,735,160 |
| Unallocated assets | | | 42,624 |
| | | | 1,777,784 |
| Liabilities | | | |
| Financial liabilities at FVTPL | 8,775 | - | 8,775 |
| Unallocated liabilities | | | 3,603 |
| | | | 12,378 |

b. Geographical segments

As all of the Fund's investments are located in Malaysia, disclosure by geographical segments is not relevant.

18. 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 material accounting policy 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.

18. FINANCIAL INSTRUMENTS (CONTD.)

a. Classification of financial instruments (contd.)

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 liabilities at FVTPL RM | Financial assets at amortised cost RM | Other financial liabilities RM | Total RM |
|------------------------|--------------------------------------------|---------------------------------------------------|-----------------------------------------|-------------|
| 30.6.2025 | | | | |
| Assets | | | | |
| Short term deposits | - | 1,398,421 | - | 1,398,421 |
| Amount due from | | | | |
| Manager | - | 9,955 | - | 9,955 |
| Other receivables | - | 817 | - | 817 |
| Cash in margin account | - | 369,267 | - | 369,267 |
| Cash at bank | - | 10,958 | - | 10,958 |
| | - | 1,789,418 | - | 1,789,418 |
| Liabilities | | | | |
| Listed derivatives | 4,975 | - | - | 4,975 |
| Amount due to Trustee | - | - | 53 | 53 |
| Amount due to Index | | | | |
| Provider | - | - | 2,238 | 2,238 |
| | 4,975 | - | 2,291 | 7,266 |
| 30.6.2024 | | | | |
| Assets | | | | |
| Short term deposits | - | 1,352,033 | - | 1,352,033 |
| Amount due from | | | | |
| Manager | - | 27,456 | - | 27,456 |
| Other receivables | - | 4,951 | - | 4,951 |
| Cash in margin account | - | 382,676 | - | 382,676 |
| Cash at bank | - | 10,668 | - | 10,668 |
| | - | 1,777,784 | - | 1,777,784 |
| Liabilities | | | | |
| Listed derivatives | 8,775 | - | - | 8,775 |
| Amount due to Trustee | - | - | 223 | 223 |
| Amount due to Index | | | | |
| Provider | - | - | 1,281 | 1,281 |
| | 8,775 | - | 1,504 | 10,279 |

18. FINANCIAL INSTRUMENTS (CONTD.)

b. Financial instruments that are carried at fair value

The Fund's financial liabilities at FVTPL are carried at fair value. The fair values of these financial liabilities were determined using prices in active markets.

The following table shows the fair value measurements by level of the fair value measurement hierarchy:

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|---------------------|---------------|---------------|---------------|-------------|
| Investments: | | | | |
| 30.6.2025 | | | | |
| Listed derivatives | (4,975) | - | - | (4,975) |
| 30.6.2024 | | | | |
| Listed derivatives | (8,775) | - | - | (8,775) |

Level 1: Listed prices in active market

Level 2: Model with all significant inputs which are observable market data

Level 3: Model with inputs not based on observable market data

The fair values of listed derivatives are determined by reference to Bursa Malaysia Securities Berhad's market closing prices at reporting date.

c. Financial instruments not carried at fair value and for which their carrying amounts are reasonable approximations of fair value

The carrying amounts of the Fund's other financial assets and financial liabilities are not carried at fair value but approximate fair values due to the relatively short term maturity of these financial instruments.

19. 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 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.

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