

# PHILLIP PEARL FUND

AUDITED  
ANNUAL REPORT

FOR THE FINANCIAL YEAR  
ENDED 31 MARCH 2022

Manager:

**PHILLIP MUTUAL BERHAD**  
(200201002746)(570409-K)

Trustee:

**MTRUSTEE BERHAD**  
(198701004362)(163032-V)

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**FUND INFORMATION****As At 31 March 2022**

Name Of Fund	:	Phillip Pearl Fund
Manager Of Fund	:	Phillip Mutual Berhad 200201002746 (570409-K)
External Investment Manager	:	Phillip Capital Management Sdn Bhd 199501004372 (333567-D)
Launch Date	:	6 January 1997
Category Of Fund	:	Equity (small cap)
Type Of Fund	:	Growth
Investment Objective	:	Phillip Pearl Fund aims to achieve maximum capital growth over a medium* to long-term* period by investing mainly in small to medium-sized companies that have excellent prospects for growth. <i>* Medium term is defined as a period of one to three years, and long term is a period of more than three years.</i>
Performance Benchmark	:	FTSE Bursa Malaysia EMAS Index (FBM EMAS)
Distribution Policy	:	Income, if any, will be distributed annually.
Fund Size	:	113.37 million units

**PHILLIP PEARL FUND**

Breakdown Of Unitholdings	: Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	410	14.91	1.22
	5,001-10,000 units	567	20.63	3.86
	10,001-50,000 units	1,170	42.56	26.30
	50,001-500,000 units	586	21.32	67.95
	500,001 units & above	16	0.58	14.04
	Total	2,749	100.00	113.37

**FUND PERFORMANCE****Financial Highlights**

<b>Category</b>	<b>As At 31.3.2022</b>	<b>As At 31.3.2021</b>	<b>As At 31.3.2020</b>
<b>Quoted Equity Securities</b>	<b>%</b>	<b>%</b>	<b>%</b>
Automobiles & Components	-	-	1.75
Banks	10.62	11.12	18.22
Capital Goods	14.57	22.71	24.72
Consumer Services	2.74	2.02	1.94
Energy	1.55	2.78	5.21
Food, Beverage & Tobacco	2.68	0.28	2.79
Health Care Equipment & Services	5.86	9.55	2.39
Household & Personal Products	0.15	1.83	3.64
Industrials	5.91	7.51	-
Materials	5.37	4.52	6.85
Pharma, Biotech. & Life Sciences	-	-	2.95
Plantation	0.38	-	-
Properties	-	0.43	-
Real Estate	0.81	3.53	1.17
Retailing	8.89	0.46	-
Semiconductors & Semi. Equipment	19.53	10.35	8.40
Software & Services	1.14	0.98	-
Technology Hardware & Equipment	8.63	5.92	4.52
Telecommunication Services	-	1.71	2.65
Transportation	2.21	0.44	0.99
	91.04	86.14	88.19
<b>Warrants</b>	0.02	-	-
<b>Collective Investment Scheme</b>	-	-	8.93
<b>Cash And Liquid Assets</b>	8.94	13.86	2.88
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Net Asset Value (RM'000) – ex-distribution	56,306	71,546	45,380
Number Of Units In Circulation (RM'000)	113,374	121,789	141,354
Net Asset Value Per Unit (RM)	0.4967	0.5875*	0.3211*
Total Expense Ratio (“TER”) <sup>1</sup>	1.60%	1.58%	1.58%
Portfolio Turnover Ratio (times)	0.60	0.99	0.71

The Total Expense Ratio for the current financial year is higher due to a lower percentage of decrease in expenses compared with average net asset value attributable to unitholders.

<sup>1</sup> The TER does not include brokerage and other transaction fees.

The Portfolio Turnover Ratio for the current financial year is lower due to decrease in investing activities.

**Notes:**

The net asset value per unit of the Fund is largely determined by market factors. Therefore past performance figures shown are only a guide and should not be taken as indicative of future performance. Net asset value per unit and investment returns may go up or down.

\* Price quoted is ex-distribution

**Performance Data**

	Phillip Pearl Fund			FBM EMAS	
	Total Return	Average Annual Return		Total Return	Average Annual Return
1 Year's Period to 31.3.2022	-15.46%	-15.46%		-1.96%	-1.96%
3 Years' Period to 31.3.2022	24.87%	8.29%		-1.44%	-0.48%
5 Years' Period to 31.3.2022	-5.88%	-1.18%		-7.88%	-1.58%
	<b>1.4.2021 to 31.3.2022</b>	<b>1.4.2020 to 31.3.2021</b>	<b>1.4.2019 to 31.3.2020</b>	<b>1.4.2018 to 31.3.2019</b>	<b>1.4.2017 to 31.3.2018</b>
Phillip Pearl Fund					
- Capital Return	-15.46%	83.54%	-26.75%	-15.51%	-23.89%
- Income Return	-	3.40%	6.25%	6.86%	9.67%
- Total Return	-15.46%	89.78%	-22.17%	-9.71%	-16.53%
FBM EMAS	-1.96%	25.70%	-20.03%	-11.43%	5.53%

	<b>1.4.2021 to 31.3.2022</b>	<b>1.4.2020 to 31.3.2021</b>	<b>1.4.2019 to 31.3.2020</b>
<b>Unit Prices</b>			
Highest NAV (RM)	0.6162	0.6356	0.4775
Lowest NAV (RM)	0.4348	0.3168	0.2922

<b>Distributions</b>			
Gross Distribution Per Unit (sen)	-	2.00	2.00
	(31.3.2022)	(31.3.2021)	(31.3.2020)
Net Distribution Per Unit (sen)	-	2.00	1.90
	(31.3.2022)	(31.3.2021)	(31.3.2020)

<b>Source Of Distribution</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
- Net realised income	-	3,943	3,183
- Capital (distribution equalisation)	-	(1,584)	(495)
Total distributions	-	2,359	2,688
	<b>%</b>	<b>%</b>	<b>%</b>
- Net realised income	-	167.15	118.42
- Capital (distribution equalisation)	-	(67.15)	(18.42)
Total distributions	-	100.00	100.00

<b>Unit Splits</b>	-	-	-
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**Notes:**

1. All figures pertaining to the Fund's return were extracted from Lipper.
2. The net asset value per unit of the Fund is largely determined by market factors. Therefore past performance figures shown are only a guide and should not be taken as indicative of future performance. Net asset value per unit and investment returns may go up or down.

**MANAGER'S REPORT**  
**31 March 2022**

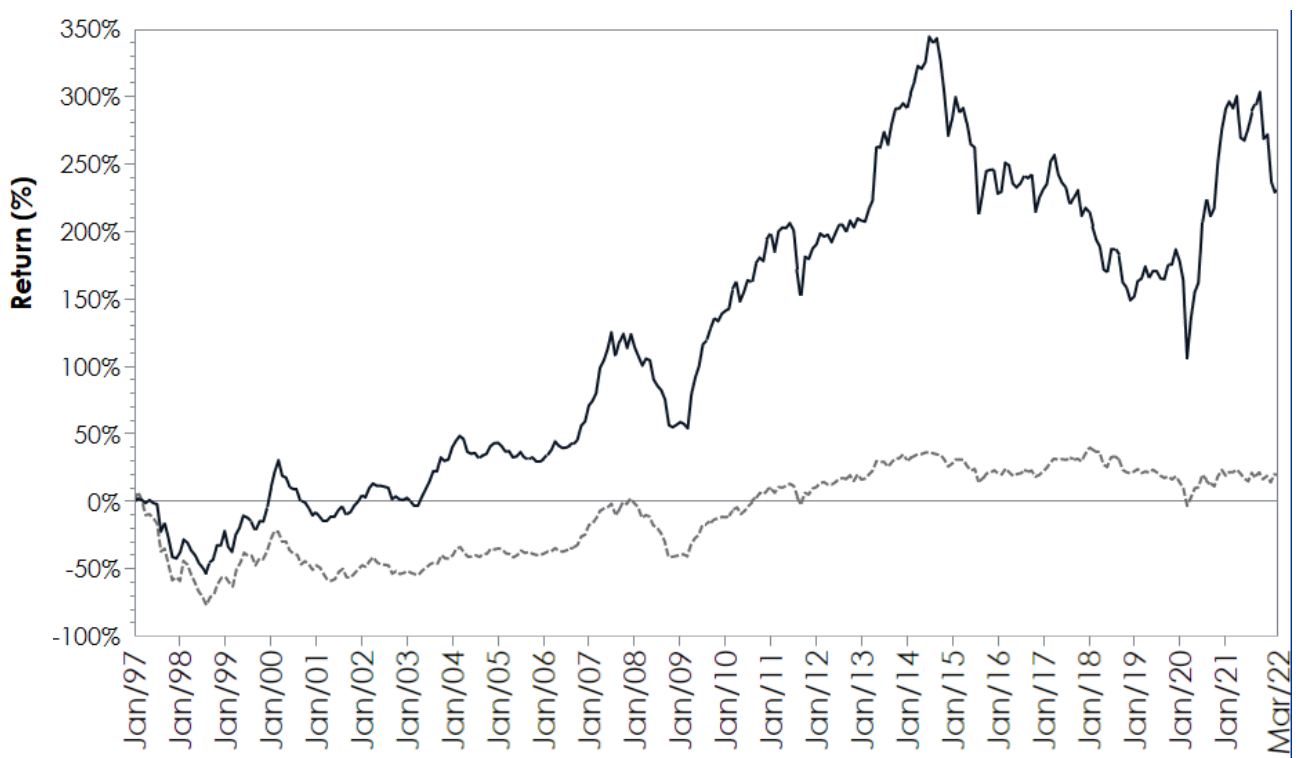
**Performance Review**



From 28 January 1997 (date of launch: 6 January 1997) to 31 March 2022, the Phillip Pearl Fund registered a total return of 231.15%, while its benchmark, the FTSE Bursa Malaysia EMAS Index (FBM EMAS), rose 19.06%.

For the financial year under review, the Fund registered a total loss of 15.46%. In comparison, its benchmark fell 1.96%.

Based on the total returns of the Phillip Pearl Fund, the Fund met its investment objective of achieving maximum capital growth since inception.

**Comparison Between Fund's Performance and Benchmark**



	Phillip Pearl Fund	+231.15%
	FBM Emas	+19.06%

Source: Lipper

## Investment Strategy Review

To recap, local equity market was in optimistic mode as the country progressed to Conditional Movement Order (CMCO) in mid-March 2021. However during the first half of the financial period under review, the aforementioned rebound was truncated when Movement Control Order 3.0 (MCO 3.0) was quickly introduced in April 2021, and following that Full Movement Control Order (FMCO) was implemented in June 2021 as the number of cases grew rapidly countrywide.

To note, MCO 3.0 was implemented just months after a Recovery Movement Order was in place, causing an upheaval in business operations and economic activities nationwide. The Fund was then heavily positioned for economic recovery, saw its performance being impacted negatively due to the flip flopping of overall lockdown and liftings of lockdowns situation.

With the number of cases still on the rise despite higher vaccination rate, dwindling government coffers following a series of handouts to ease citizen's burden prompted the government to announce a National Recovery Plan (NRP) in phases starting mid-June 2021, which allowed easing of restrictions and resumption of selective economic activities by state depending on the number of cases, seriousness of symptoms and vaccination rates. Once State of emergency was lifted early August 2021, political uncertainty in Malaysia, while the resignation of PM Tan Sri Dato Haji Muhyiddin bin Yassin on 16 August 2021 caught the country by surprise and he was succeeded by current PM Dato Sri Ismail Sabri bin Yaakob, who was then Senior Minister tasked with combatting the Covid-19 situation.

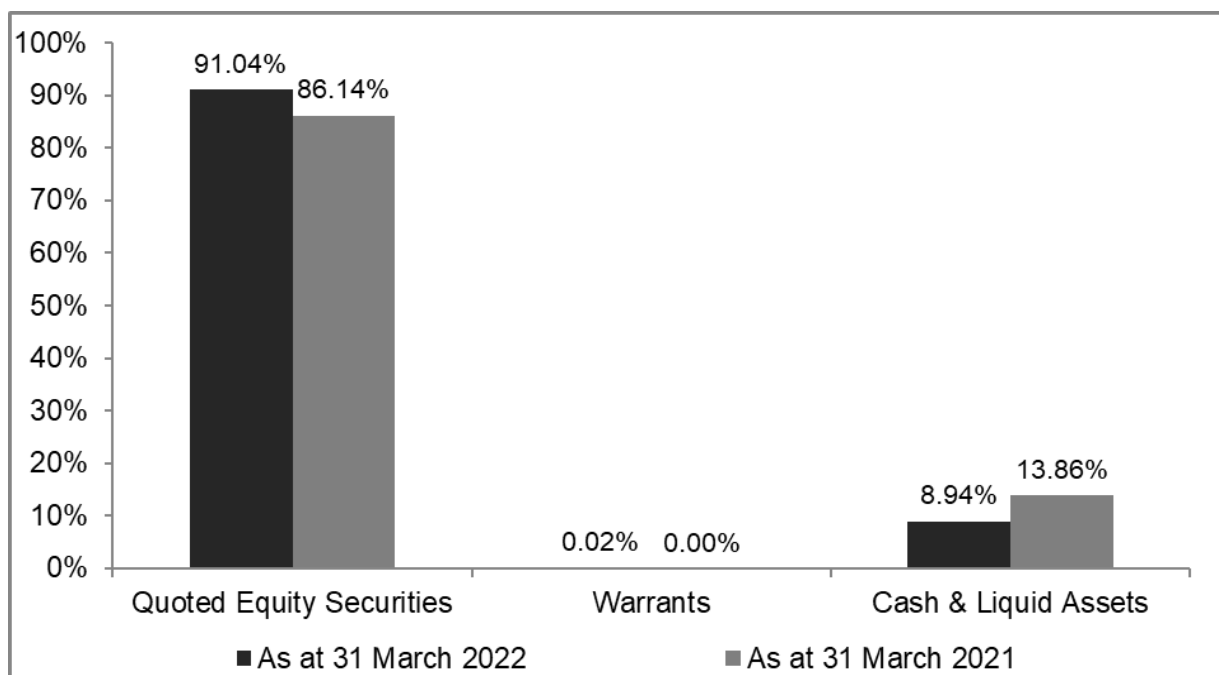
With the NRP in place, and stabilized political condition, performance of the fund recovered somewhat, before being hit by several ill-timed events such as the auditing discrepancies of one big cap oil and gas engineering solution company, which saw the company and related companies share prices limit down for several days, impacting overall performances of the fund. The fund had subsequently disposed the shares following the unfortunate incident. That aside, an activist heavy allegations of forced labour on the electronics manufacturing services (EMS) sector also hit the fund's performance last year as the fund was EMS names-heavy. The fund had subsequently reduced its exposure to the EMS sector.

Early 2022, while economic recovery resumed gradually, high growth tech names locally and globally saw heavy sell down following aggressive interest rate stance by the US Fed and the fund has taken the opportunity to add positions into good tech names, while increasing exposure to recovery theme sectors such as auto, consumer and travel related names. However, high inflation and supply chain disruptions may affect corporates' bottom line in the medium term as some countries are still in lockdowns, while Russian-Ukraine war exacerbated the inflation numbers due to worsened supply chain disruptions. On the other hand, the fund's exposure into banking sector which will further benefit from improving business sentiment, has performed well and cushioned the impact somewhat from the tech sell down. The fund remains overweight in tech names, as fundamentals are intact for the sector, as evidenced by recent rounds of corporate earnings. Globally, recent announcement of Taiwanese chip firm TSMC (Taiwan Semicon) 45% jump in 1Q net profit signaled that a continuing growth trajectory for the semiconductor space despite hurdles such as supply shortage and rising cost, and should resonate to the local technology sectors too.

Going forward, our investment strategy remains focused on bottom-up stock selection for companies that will benefit from cyclical upturn in earnings and sectors with structural long term growth. We are cautiously optimistic on Asian equity markets in 2022. Barring any unforeseen circumstances, we are positive that the economy and market will be well on its recovery path on the back of Covid-19 vaccine rollout, global economy reopening as well as the improvement in corporate earnings.



## Asset Allocation



The quoted equity exposure of Phillip Pearl Fund increased to 91.04% as at 31 March 2022 from 86.14% recorded at the beginning of the financial year under review due to net equity buying.

Cash & Liquid Assets decreased to 8.94% as at 31 March 2022 from the 13.86% recorded at the beginning of the financial year. The decrease in liquidity is partly attributed to portfolio restructuring activities.

## Analysis Of Net Asset Value

The net asset value (NAV) per unit of Phillip Pearl Fund decreased from RM0.5875 to RM0.4967 during the financial year under review. Meanwhile, total NAV of the Fund decreased from RM71,545,615 to RM56,306,172 mainly due to net redemptions and fund performance.

## Market Review

### Equity Market Review

Having lost about 3.7% through 2021, the FBM KLCI was also the second worst-performing market in Asia, after Hong Kong, which was down 14% in the same period. For the financial year (1 April 2021 to 31 March 2022), FBM KLCI registered a gain of 0.9%, cushioned by the rebound of energy and plantation sectors in early 2022.

The negative returns for year 2021 generated by the 30-stock index were due mainly to the decline in the share prices of glove, energy and palm oil companies. In general, sentiment towards the Malaysian stock market was dampened due to a series of negative developments in 2021. These included the aforementioned reimposition of lockdowns due to rising Covid-19 cases; political uncertainties that eventually resulted in the change of Prime Minister; forced labour allegations against certain manufacturers, including glove players; and announcement of Cukai Makmur, which deflated sentiments further, during the tabling of Budget 2022 in second half of 2021.

The equity market appeared rangebound throughout the year as every time the market appeared to be on the cusp of gathering the requisite positive momentum to catch up with outperforming ASEAN peers, a new headwind emerged, overshadowing the equity-favouring investment backdrop of rapidly-improving vaccine efficacy and availability, continuing accommodative fiscal and monetary policy, rebounding commodity prices, relative attraction versus fixed income given rising inflation and the US Fed tapering concerns, as well as buoyant retail trading activity.

Of the 13 Bursa Malaysia sectorial indices, only four posted positive returns in 2021. The technology sector led the pack with a gain of 38%. This was followed by the industrial products and services sector, which posted a gain of 13%; the transportation and logistics sector, with a return of 8%; and the financial sector (1%).

Conversely, the main drags of the FBM KLCI were the healthcare (-36%), energy (-21%), construction (-17%), utilities (-12%) and plantation (-10%) sectors in 2021.

The healthcare sector was the worst-performing sector due to the sharp correction in large glovemakers' share prices, while the energy sector index fell due to concerns over weaker earnings, environmental, social and corporate governance (ESG) practices, low crude oil prices and cancellations of projects. On the other hand, the construction sector was impacted by slower progress billings, fewer new project wins and rising material costs which would negatively impact earnings, not to mention political uncertainty which could cap the speed of recovery in the construction sector.

Despite crude palm oil prices rising to an all-time record high, the plantation sector also underperformed the FBM KLCI on ESG concerns in year 2021 before a sharp rebound in early 2022 following increased demand as economy reopens and supply shortage as Indonesia palm oil producers require companies to sell 20% of their crude palm oil and olein locally.

On a side note, strong 2022 GDP number of 6% forecasted by the OECD in line with economy reopening, robust consumption trend and improving corporate earnings saw foreign inflows into the Malaysian equity markets, year to date foreign shareholdings stood at 20.3%.

### **Securities Financing Transactions**

For the financial year under review, the Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").

### **Income Distribution Nil**

### **Unit Split Nil**

### **Significant Changes In The State Of Affairs Of The Fund**

For the financial year under review, there were no significant changes in the state of affairs of the Fund not otherwise as disclosed in the financial statements.

### **Circumstances That Materially Affect Interest Of Unitholders**

For the financial year under review, there were no circumstances that materially affect any interest of the unitholders.

### **Cross Trade**

No cross trade transactions have been carried out during the financial year.

### **Soft Commissions**

During the financial year under review, the Fund has received soft commissions from brokers. Soft commissions received from brokers are retained by the Manager for purchasing goods and services which are of demonstrable benefit to the unitholders and in the form of research and advisory services that assist in the decision-making process relating to the investment of the Fund such as research materials, data and quotation services, computer software, investment advisory services, and investment related publications.

**TRUSTEE'S REPORT  
TO THE UNITHOLDERS OF PHILLIP PEARL FUND**

We have acted as Trustee of **Phillip Pearl Fund** ("the Fund") for the financial year ended 31 March 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **Phillip Mutual Berhad** ("the Manager") has operated and managed the Fund during the financial year covered by these financial statements in accordance with the following:

- (a) Limitations imposed on the investment powers of the Manager under the Deeds, the Securities Commission Malaysia's Guidelines on Unit Trusts Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) Valuation and pricing is carried out in accordance with the Deeds and relevant regulatory requirements; and
- (c) Creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements.

For **MTRUSTEE BERHAD** (Registration No: 198701004362)(163032-V)

**NURIZAN JALIL**  
Chief Executive Officer

Selangor, Malaysia  
30 May 2022

**STATEMENT BY THE MANAGER**

We, **Andy Lim Say Kiat** and **Datin Hajjah Nona Binti Salleh**, being two of the directors of **Phillip Mutual Berhad**, do hereby declare that, in the opinion of the Manager, the accompanying financial statements set out on pages 16 to 37 are prepared in accordance with the requirements of the Deeds, Malaysian Financial Reporting Standards, International Financial Reporting Standards and the relevant Securities Commission Malaysia guidelines so as to give a true and fair view of the financial position of **Phillip Pearl Fund** as at 31 March 2022 and of its financial performance, changes in net asset value and cash flows for the financial year then ended.

Signed on behalf of the Manager in accordance with a resolution of the directors.

**ANDY LIM SAY KIAT**  
Chief Executive Officer/ Managing Director

**DATIN HAJJAH NONA BINTI SALLEH**  
Chairperson

Kuala Lumpur, Malaysia  
30 May 2022

## **INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF PHILLIP PEARL FUND**

### **Report On The Audit Of The Financial Statements**

#### **Opinion**

We have audited the financial statements of **Phillip Pearl Fund** ("the Fund"), which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 37.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2022, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### **Basis For Opinion**

We conducted our audit in accordance with approved standards of auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence And Other Ethical Responsibilities*

We are independent of the Fund in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* issued by the Malaysian Institute of Accountants ("*By-Laws*") and the International Ethics Standard Board of Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("*IESBA Code*"), and we have fulfilled our other ethical responsibilities in accordance with the *By-Laws* and the *IESBA Code*.

#### **Information Other Than The Financial Statements And Auditors' Report Thereon**

The Manager of the Fund is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements of the Fund and our auditors' report thereon.

(Forward)

Our opinion on the financial statements of the Fund does not cover the Fund Manager's Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the Fund Manager's Report and, in doing so, consider whether the Fund Manager's Report is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Fund Manager's Report, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Manager and Trustee For The Financial Statements**

The Manager of the Fund is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the relevant Securities Commission Malaysia guidelines. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

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

### **Auditors' Responsibilities For The Audit Of The Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards of auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(Forward)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Other Matter**

This report is made solely to the unitholders of the Fund, as a body, in accordance with the relevant Securities Commission Malaysia guidelines and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

**DELOITTE PLT (LLP0010145-LCA)**  
**Chartered Accountants (AF 0080)**

**KOK PEI LOO**  
**Partner - 03524/08/2022 J**  
**Chartered Accountant**

30 May 2022



**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2022**

	Note	2022 RM	2021 RM
<b>Assets</b>			
Investments	3	51,274,263	61,631,150
Dividend receivable		156,227	113,667
Interest receivable		234	524
Amount due from brokers/dealers	7	573,861	-
Cash and cash equivalents	5	5,081,291	11,326,617
<b>Total Assets</b>		<u>57,085,876</u>	<u>73,071,958</u>
<b>Liabilities</b>			
Amount due to Manager	6	120,432	144,395
Amount due to brokers/dealers	7	642,688	1,253,471
Other payables		16,584	17,864
Distribution payable	13	-	110,613
<b>Total Liabilities</b>		<u>779,704</u>	<u>1,526,343</u>
<b>Net Asset Value (“NAV”) Of The Fund</b>		<u>56,306,172</u>	<u>71,545,615</u>
<b>Equity</b>			
Unitholders’ capital		53,262,612	57,986,634
Retained earnings		3,043,560	13,558,981
<b>Total Equity/NAV Attributable To Unitholders</b>	14	<u>56,306,172</u>	<u>71,545,615</u>
<b>Total Equity And Liabilities</b>		<u>57,085,876</u>	<u>73,071,958</u>
<b>Number Of Units In Circulation (Units)</b>	15	<u>113,373,767</u>	<u>121,788,561</u>
<b>NAV Per Unit (ex-distribution)</b>	14	<u>0.4967</u>	<u>0.5875</u>

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

**STATEMENT OF COMPREHENSIVE INCOME**  
For the financial year ended 31 March 2022

	Note	2022 RM	2021 RM
<b>Investment (Loss)/Income</b>			
Gross dividends from financial assets at fair value through profit or loss ("FVTPL")		1,396,674	1,662,975
Interest income		110,264	123,064
Net (loss)/gain from sale of financial assets at FVTPL		(2,992,813)	4,717,791
Net unrealised (loss)/gain on changes in value of financial assets at FVTPL		<u>(7,636,227)</u>	<u>34,368,883</u>
		<u>(9,122,102)</u>	<u>40,832,713</u>
<b>Expenses</b>			
Audit fee			
- Current year		8,000	8,000
- Underprovision in prior year		200	-
Tax agent's fee			
- Current year		3,400	3,800
- Overprovision in prior year		(800)	-
Manager's fee	8	987,809	961,254
Trustee's fee	9	39,512	39,655
Custodian's fee		4,577	4,853
Brokerage and other transaction fees		338,322	524,027
Administration expenses		<u>12,299</u>	<u>25,781</u>
		<u>1,393,319</u>	<u>1,567,370</u>
<b>Net (Loss)/Income Before Taxation</b>		(10,515,421)	39,265,343
<b>Taxation</b>	12	-	-
<b>Net (Loss)/Income After Taxation</b>		<u>(10,515,421)</u>	<u>39,265,343</u>
<b>Total Comprehensive (Loss)/Income</b>		<u>(10,515,421)</u>	<u>39,265,343</u>
<b>Total Comprehensive (Loss)/Income comprises the following:</b>			
Realised (loss)/gain		(2,879,194)	4,896,460
Unrealised (loss)/gain		<u>(7,636,227)</u>	<u>34,368,883</u>
		<u>(10,515,421)</u>	<u>39,265,343</u>
<b>Distribution for the year</b>			
Gross/net distribution (RM)	13	-	<u>2,359,222</u>
Gross/net distribution per unit (sen)	13	-	<u>2.00</u>

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

**STATEMENT OF CHANGES IN NET ASSET VALUE**  
**For the financial year ended 31 March 2022**

	Note(s)	Unitholders' capital RM	Retained earnings RM	NAV attributable to unitholders RM
<b>At 1 April 2020</b>		67,143,524	(21,763,313)	45,380,211
Net income after taxation		-	39,265,343	39,265,343
Creation of units	<b>15</b>	6,415,140	-	6,415,140
Cancellation of units	<b>15</b>	(17,155,857)	-	(17,155,857)
Distribution	<b>13 &amp; 15</b>	1,583,827	(3,943,049)	(2,359,222)
<b>At 31 March 2021</b>		<u>57,986,634</u>	<u>13,558,981</u>	<u>71,545,615</u>
<b>At 1 April 2021</b>		57,986,634	13,558,981	71,545,615
Net loss after taxation		-	(10,515,421)	(10,515,421)
Creation of units	<b>15</b>	278,779	-	278,779
Cancellation of units	<b>15</b>	(5,002,801)	-	(5,002,801)
<b>At 31 March 2022</b>		<u>53,262,612</u>	<u>3,043,560</u>	<u>56,306,172</u>

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

**STATEMENT OF CASH FLOWS**  
For the financial year ended 31 March 2022

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>Cash Flows From/(Used in) Operating And Investing Activities</b>		
Proceeds from sale of investments	38,593,105	76,628,185
Purchase of investments	(40,176,228)	(53,627,846)
Dividends received	1,147,289	1,450,193
Interest received	110,554	124,068
Manager's fee paid	(1,010,616)	(931,390)
Trustee's fee paid	(40,430)	(41,716)
Custodian's fee paid	(4,577)	(4,853)
Payment for other fees and expenses	(28,632)	(38,634)
Net cash (used in)/from operating and investing activities	<u>(1,409,535)</u>	<u>23,558,007</u>
<b>Cash Flows From/(Used in) Financing Activities</b>		
Cash proceeds from units created	278,779	6,491,485
Cash paid on units cancelled	(5,003,957)	(17,103,406)
Distributions paid	(110,613)	(4,936,444)
Net cash used in financing activities	<u>(4,835,791)</u>	<u>(15,548,365)</u>
<b>Net (Decrease)/Increase In Cash And Cash Equivalents</b>	<b>(6,245,326)</b>	<b>8,009,642</b>
<b>Cash And Cash Equivalents At Beginning of The Year</b>	<b>11,326,617</b>	<b>3,316,975</b>
<b>Cash And Cash Equivalents At End of The Year</b>	<b><u>5,081,291</u></b>	<b><u>11,326,617</u></b>
<b>Cash And Cash Equivalents Comprise (Note 5):</b>		
Cash at banks	51,291	76,617
Deposits with a licensed financial institution	5,030,000	11,250,000
	<u>5,081,291</u>	<u>11,326,617</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 March 2022****1. The Fund, the Manager and their principal activities**

Phillip Pearl Fund, formerly known as Pacific Pearl Fund (hereinafter referred to as "the Fund") was constituted pursuant to the execution of a Master Deed dated 18 December 1996 as amended by the First Supplemental Deed dated 11 December 1998, Second Supplemental Deed dated 29 June 2000, Third Supplemental Deed dated 16 May 2001, Fourth Supplemental Deed dated 28 June 2007, Supplemental Master Deed dated 22 May 2009, Second Supplemental Master Deed dated 14 December 2009, Third Supplemental Master Deed dated 26 April 2010, Fourth Supplemental Master Deed dated 8 January 2014, Fifth Supplemental Master Deed dated 7 July 2017, Sixth Supplemental Master Deed dated 22 November 2018, Seventh Supplemental Master Deed dated 22 January 2019, Eighth Supplemental Master Deed dated 17 June 2020, made between the Manager, BOS Wealth Management Malaysia Berhad (the Manager prior to 1 December 2020) and the Trustee of the Fund, MTrustee Berhad, Ninth Supplemental Master Deed dated 6 November 2020, Tenth Supplemental Master Deed dated 25 November 2020, made between the Managers, BOS Wealth Management Malaysia Berhad (the Manager prior to 1 December 2020) and Phillip Mutual Berhad (the new Manager with effect from 1 December 2020) and the Trustee of the Fund, MTrustee Berhad and Eleventh Supplemental Master Deed dated 6 July 2021 made between the Manager, Phillip Mutual Berhad and the Trustee, MTrustee Berhad (the Deed and all its supplemental hereinafter referred to as the "Deeds"). The Fund was launched on 6 January 1997.

The principal activity of the Fund is to invest in "Permitted Investments" as defined in the Deeds, which include stocks and shares of companies quoted on Bursa Malaysia Securities Berhad, fixed income securities and money market instruments as approved by the Securities Commission Malaysia.

The Manager, Phillip Mutual Berhad, is a company incorporated in Malaysia. Phillip Mutual Berhad is licensed by the Securities Commission Malaysia to carry on the regulated activities of dealing in securities restricted to unit trust schemes and dealing in private retirement schemes under the Capital Markets and Services Act 2007 and is a registered Institutional Unit Trust Adviser with the Federation of Investment Managers Malaysia that authorised to market and distribute unit trust schemes of another party. The Company is engaged in the business of establishing and managing unit trust schemes, and marketing and distributing unit trust schemes of another party.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 30 May 2022.

**2. Summary of significant accounting policies****(a) Basis of preparation**

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"), International Financial Reporting Standards and the relevant Securities Commission Malaysia guidelines.

The financial statements of the Fund have been prepared under the historical cost convention, unless otherwise stated in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

**(b) Changes in accounting policies**Adoption of Amendments to MFRSs

The accounting policies adopted are consistent with those of the previous financial year except for the Amendments to MFRSs issued by the MASB that are relevant to the Fund's operation and effective for annual years beginning on or after 1 April 2021, as follows:

Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform – Phase 2
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The adoption of the Amendments to MFRSs did not have any impact on the financial statements of the Fund.

Amendments to MFRSs in issue but not yet effective

As of the date of authorisation of these financial statements, the new and revised Standards and Amendments to MFRSs that are relevant to the Fund's operation which were in issue but not yet effective and not early adopted by the Fund are as listed below:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020 Cycle	1 January 2022
Amendments to MFRS 101: <i>Classification of Liabilities as Current and Non-current</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023

The Manager of the Fund anticipates that the abovementioned Amendments to MFRSs will be adopted in the annual financial statements of the Fund when they become effective and that the adoption of these Amendments to MFRSs will have no material impact on the financial statements of the Fund in the year of initial application.

**(c) 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.

**(d) Financial instruments**

The Fund recognises financial assets and financial liabilities in the statement of financial position on the date it becomes a party to the contractual provisions of the instruments.

Regular way purchase and sales of all categories of investments in financial instruments are recognised on trade dates i.e. dates on which the Fund commits to purchase or sell the financial instruments.

Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss (“FVTPL”) on the basis of both the Fund’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

## (i) Financial assets at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Receivables are classified as financial assets at amortised cost. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These include dividend receivable, interest receivable, amount due from brokers/dealers and cash and cash equivalents.

## (ii) Financial assets at FVTPL

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding; or
- (b) It is held within a business model whose objective is to sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category its Permitted Investments. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

Financial liabilities

Financial liabilities are recognised initially at fair value i.e. the consideration for goods and services received and subsequently stated at amortised cost. These include amounts due to Manager and brokers/dealers, other payables and distribution payable. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

**(e) Derecognition of financial assets and liabilities**Financial assets

A financial asset is derecognised when the asset is disposed and the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

### Financial liabilities

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liability is derecognised, and through the amortisation process.

#### **(f) Impairment of financial assets**

Credit losses are recognised based on the expected credit loss (“ECL”) model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL, either on a 12-month or lifetime basis based on the significant increase in credit risk since initial recognition. The impairment model does not apply to equity investments.

Given the limited exposure of the Fund to credit risk, there is no material impact on the Fund’s financial statements. For balances which are short-term in nature and with no financing component (e.g. dividend receivable, interest receivable and amount due from brokers/dealers), full impairment will be recognised on uncollected balances after the grace period is exceeded.

#### **(g) Income recognition**

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.

Dividend income is recognised when the Fund’s right to receive payment is established.

Interest income is recognised using the effective interest rate method on an accrual basis.

#### **(h) Unrealised reserves/(deficits)**

The unrealised reserves/(deficits) represent the net gain or loss arising from carrying quoted investments at their fair value and are recognised in the statement of comprehensive income.

#### **(i) Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and deposits with financial institutions with original maturities of 3 months or less which have an insignificant risk of change in value.

#### **(j) Taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

#### **(k) Fair value measurement**

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

#### **(l) Distributions**

Distributions made by the Fund are accounted for as a deduction from realised reserves except where distributions are sourced out of distribution equalisation which are accounted for as a deduction from unitholders’ capital. Distributions are recognised in the statement of changes in NAV when they are approved by the Manager and the Trustee.



**(m) Unitholders' capital**

Unitholders' capital meets the conditions for the definition of puttable instruments classified as equity instruments.

Distribution equalisation is accounted for on the date of creation and cancellation of units. It represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

**(n) Significant accounting estimates and judgements**

The preparation of the Fund's financial statements requires the Manager to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**Judgements made in applying accounting policies**

In the process of applying the Fund's accounting policies, the Manager is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

**Key sources of estimation uncertainty**

The Manager believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

3. Investments

	2022 RM	2021 RM
<b>Financial assets at FVTPL</b>		
Quoted investments:		
- Equity securities	51,261,359	61,631,140
- Warrants	12,904	10
<b>Total investments</b>	51,274,263	61,631,150

**Equity securities**

The composition of quoted investments at the end of the reporting period is as detailed below. The industry classifications are based on Morgan Stanley Capital International's ("MSCI") Global Industry Classification Standard.

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
<b>2022</b>				
<b>Banks</b>				
150,000	Affin Bank Berhad	279,285	300,000	0.53
280,633	Malayan Banking Berhad	2,525,877	2,508,859	4.46
678,300	Public Bank Berhad	3,219,317	3,167,661	5.63
		6,024,479	5,976,520	10.62
<b>Capital Goods</b>				
1,633,000	Dagang Nexchange Berhad	1,611,003	1,649,330	2.93
2,318,800	Econpile Holdings Bhd	1,321,080	672,452	1.19
329,141	Gamuda Berhad	1,107,629	1,138,828	2.02
505,300	P.I.E. Industrial Berhad	1,484,182	1,450,211	2.58
619,100	SKP Resources Berhad	854,007	872,931	1.55
110,600	Success Transformer Corp Bhd	139,628	85,162	0.15
597,700	UWC Berhad	703,430	2,337,007	4.15
		7,220,959	8,205,921	14.57
<b>Consumer Services</b>				
237,600	Genting Berhad	1,474,595	1,111,968	1.97
145,000	Genting Malaysia Berhad	416,890	432,100	0.77
		1,891,485	1,544,068	2.74
<b>Energy</b>				
318,300	Dialog Group Berhad	977,067	872,142	1.55
<b>Food, Beverage &amp; Tobacco</b>				
617,000	Able Global Berhad	1,003,200	863,800	1.53
29,800	Carlsberg Brewery Malaysia Berhad	666,722	647,256	1.15
		1,669,922	1,511,056	2.68

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
<b>Health Care Equipment &amp; Services</b>				
3,387,250	Focus Point Holdings Bhd	1,129,830	2,506,565	4.45
60,900	Kossan Rubber Industries Berhad	390,925	119,364	0.21
503,700	Supercomnet Technologies Berhad	964,353	674,958	1.20
		<u>2,485,108</u>	<u>3,300,887</u>	<u>5.86</u>
<b>Household &amp; Personal Products</b>				
185,800	NTPM Holdings Berhad	105,946	81,752	0.15
<b>Industrials</b>				
330,000	Aurelius Technologies Berhad	587,477	623,700	1.11
132,300	Jentayu Sustainables Berhad	90,974	64,166	0.11
1,059,800	Kelington Group Bhd	1,575,098	1,451,926	2.58
533,550	Solarvest Holdings Berhad	444,625	424,172	0.75
3,350,000	Ta Win Holdings Bhd	470,109	502,500	0.89
160,900	UEM Edgenta Berhad	282,011	262,267	0.47
		<u>3,450,294</u>	<u>3,328,731</u>	<u>5.91</u>
<b>Materials</b>				
638,700	Hume Industries Bhd	917,909	721,731	1.28
278,000	Press Metal Aluminium Holdings Berhad	1,353,754	1,723,600	3.06
700,000	Prestar Resources Bhd	490,560	437,500	0.78
35,000	Scientex Berhad	142,450	142,100	0.25
		<u>2,904,673</u>	<u>3,024,931</u>	<u>5.37</u>
<b>Plantation</b>				
80,000	Sarawak Plantation Berhad	227,568	211,200	0.38
<b>Real Estate</b>				
200,000	Pavilion Real Estate Investment Trust	259,740	264,000	0.47
150,000	SP Setia Berhad	208,500	189,000	0.34
		<u>468,240</u>	<u>453,000</u>	<u>0.81</u>
<b>Retailing</b>				
562,000	Aeon Company (M) Berhad	857,035	887,960	1.58
1,758,900	Innature Berhad	1,101,945	1,160,874	2.06
1,854,300	Mynews Holdings Berhad	1,695,703	1,316,553	2.34
310,600	Padini Holdings Berhad	1,041,958	1,071,570	1.90
700,000	Senheng New Retail Berhad	749,000	567,000	1.01
		<u>5,445,641</u>	<u>5,003,957</u>	<u>8.89</u>

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
<b>Semiconductors &amp; Semi. Equipment</b>				
111,000	D&O Green Technologies Berhad	488,126	499,500	0.89
304,900	Globetronics Technology Berhad	690,809	463,448	0.82
628,200	Greatech Technology Berhad	1,967,774	2,977,668	5.29
536,000	Inari Amertron Berhad	1,731,025	1,645,520	2.92
Malaysian Pacific Industries				
43,200	Berhad	1,577,208	1,572,480	2.79
691,000	Unisem (M) Berhad	1,903,459	2,169,740	3.85
203,700	Vitrox Corporation Bhd	1,589,350	1,670,340	2.97
		<u>9,947,751</u>	<u>10,998,696</u>	<u>19.53</u>
<b>Software &amp; Services</b>				
454,500	Awanbiru Technology Berhad	435,762	245,430	0.44
250,400	CTOS Digital Berhad	444,925	395,632	0.70
		<u>880,687</u>	<u>641,062</u>	<u>1.14</u>
<b>Technology Hardware &amp; Equipment</b>				
2,035,000	Aemulus Holdings Berhad	1,970,899	1,536,425	2.73
850,555	JHM Consolidation Bhd	1,311,386	1,131,238	2.01
304,000	Mi Technovation Berhad	1,162,754	604,960	1.07
421,400	Pentamaster Corporation Berhad	1,649,103	1,588,678	2.82
		<u>6,094,142</u>	<u>4,861,301</u>	<u>8.63</u>
<b>Transportation</b>				
179,300	Malaysia Airports Holdings Berhad	1,086,911	1,246,135	2.21
		<u>1,086,911</u>	<u>1,246,135</u>	<u>2.21</u>
<b>Total equity securities as at 31 March 2022</b>		<u>50,880,873</u>	<u>51,261,359</u>	<u>91.04</u>
<b>2021</b>				
<b>Banks</b>				
573,093	Malayan Banking Berhad	5,194,642	4,728,017	6.61
768,000	Public Bank Berhad	3,691,298	3,225,600	4.51
		<u>8,885,940</u>	<u>7,953,617</u>	<u>11.12</u>
<b>Capital Goods</b>				
2,922,600	Econpile Holdings Bhd	1,768,072	1,402,848	1.96
1,010,486	Gabungan AQRS Bhd	1,155,303	631,554	0.88
402,300	Gamuda Berhad	1,414,219	1,440,234	2.01
3,342,400	HPMT Holdings Berhad	1,707,508	2,122,424	2.97
1,559,266	Kimlun Corporation Bhd	2,319,181	1,348,765	1.89
114,300	P.I.E. Industrial Berhad	161,744	388,620	0.54
879,600	SKP Resources Berhad	1,312,546	1,943,916	2.72
2,227,500	Success Transformer Corp Bhd	2,812,123	1,848,825	2.58
876,200	UWC Berhad	1,031,195	5,125,770	7.16
		<u>13,681,891</u>	<u>16,252,956</u>	<u>22.71</u>

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
<b>Consumer Services</b>				
287,600	Genting Berhad	1,784,905	1,446,628	2.02
<b>Energy</b>				
420,000	Dialog Group Berhad	1,309,540	1,306,200	1.83
400,000	Serba Dinamik Holdings Berhad	680,000	680,000	0.95
		1,989,540	1,986,200	2.78
<b>Food, Beverage &amp; Tobacco</b>				
120,000	Johore Tin Bhd	204,000	201,600	0.28
<b>Health Care Equipment &amp; Services</b>				
5,917,650	Focus Point Holdings Bhd	1,973,854	4,704,532	6.58
60,900	Kossan Rubber Industries Berhad	390,925	198,534	0.28
443,700	Supercomnet Technologies Berhad	864,794	718,794	1.00
267,600	Top Glove Corporation Bhd	1,334,479	1,209,552	1.69
		4,564,052	6,831,412	9.55
<b>Household &amp; Personal Products</b>				
2,158,700	NTPM Holdings Berhad	1,230,922	1,306,013	1.83
<b>Industrials</b>				
1,203,000	ATA IMS Berhad	2,301,037	3,512,760	4.91
150,000	HPP Holdings Berhad	54,000	89,250	0.13
35,700	Kelington Group Bhd	51,765	70,686	0.10
20,000	SAM Engineering and Equipment (M) Berhad	134,852	134,800	0.19
833,550	Solarvest Holdings Berhad	694,625	1,275,331	1.78
163,500	UEM Edgenta Berhad	293,793	289,394	0.40
		3,530,072	5,372,221	7.51
<b>Materials</b>				
1,733,300	Evergreen Fibreboard Bhd	1,380,250	693,320	0.97
1,551,900	Hume Industries Bhd	2,230,316	1,738,128	2.43
177,600	Ta Ann Holdings Berhad	591,340	506,160	0.71
663,700	WTK Holdings Berhad	649,902	295,347	0.41
		4,851,808	3,232,955	4.52
<b>Properties</b>				
200,000	Lagenda Properties Berhad	222,000	308,000	0.43
<b>Real Estate</b>				
100,000	Axis Real Estate Investment Trust	182,000	195,000	0.27
2,617,100	YTL Hospitality REIT	2,121,785	2,329,219	3.26
		2,303,785	2,524,219	3.53

(Forward)

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
<b>Retailing</b>				
554,500	Innature Berhad	328,056	329,928	0.46
<b>Semiconductors &amp; Semi. Equipment</b>				
304,900	Globetronics Technology Berhad	690,809	838,475	1.17
711,200	Greatech Technology Berhad	2,136,744	3,783,584	5.29
362,500	Unisem (M) Berhad	1,966,499	2,784,000	3.89
		4,794,052	7,406,059	10.35
<b>Software &amp; Services</b>				
616,800	AwanBiru Technology Berhad	563,266	703,152	0.98
<b>Technology Hardware &amp; Equipment</b>				
1,321,555	JHM Consolidation Bhd	1,999,151	2,510,955	3.51
307,950	Pentamaster Corporation Berhad	1,062,995	1,724,520	2.41
		3,062,146	4,235,475	5.92
<b>Telecommunication Services</b>				
335,724	Axiata Group Berhad	1,283,728	1,225,393	1.71
<b>Transportation</b>				
32,400	Lingkar Trans Kota Holdings Berhad	123,120	125,712	0.18
240,000	Perak Transit Bhd	198,250	189,600	0.26
		321,370	315,312	0.44
<b>Total equity securities as at 31 March 2021</b>		<b>53,601,533</b>	<b>61,631,140</b>	<b>86.14</b>

**Warrants**

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
<b>2022</b>				
69	Ahmad Zaki Resources Berhad - WA 13/05/2024	-	5	-
66,150	Jentayu Sustainables Berhad - WB 20/02/2032	-	12,899	0.02
		-	12,904	0.02
<b>2021</b>				
69	Ahmad Zaki Resources Berhad - WA 13/05/2024	-	9	-
10	Veleso Energy Berhad - WA 18/10/2024	-	1	-
		-	10	-

**Total investments**

Total investments comprised investments in equity securities and warrants.

	Cost RM	Fair value RM	Fair value as a % of NAV %
<b>2022</b>			
<b>Total investments</b>	<b><u>50,880,873</u></b>	<b><u>51,274,263</u></b>	<b><u>91.06</u></b>
<b>Unrealised gain from investments as at 31 March 2022</b>		<b><u>393,390</u></b>	
<b>2021</b>			
<b>Total investments</b>	<b><u>53,601,533</u></b>	<b><u>61,631,150</u></b>	<b><u>86.14</u></b>
<b>Unrealised loss from investments as at 31 March 2021</b>		<b><u>8,029,617</u></b>	

**4. Fair value hierarchy**

The Fund uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM	Total RM
<b>2022</b>		
<b>Financial assets at FVTPL</b>		
Quoted investments	<u>51,274,263</u>	<u>51,274,263</u>
<b>2021</b>		
<b>Financial assets at FVTPL</b>		
Quoted investments	<u>61,631,150</u>	<u>61,631,150</u>

The carrying amounts of other financial assets and financial liabilities, approximate fair values due to the relatively short-term maturities of these financial instruments.

**5. Cash and cash equivalents**

Cash and cash equivalents include cash at banks and deposits with a licensed financial institution.

	<b>2022 RM</b>	<b>2021 RM</b>
Cash at banks	51,291	76,617
Deposits with a licensed financial institution:		
- Investment bank	5,030,000	11,250,000
Cash and cash equivalents	<u>5,081,291</u>	<u>11,326,617</u>

The weighted average rate of return and remaining maturity of deposits with a financial institution at the end of the reporting period were as follows:

	<b>Weighted average effective interest rate (% per annum)</b>		<b>Weighted average remaining maturity (Days)</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Deposits with a licensed financial institution:				
- Investment bank	<u>1.70</u>	<u>1.70</u>	<u>1</u>	<u>1</u>

**6. Amount due to Manager**

The amount due to Manager represents amount payable for units cancelled and/or amount payable for management fee.

Management fee is payable on a monthly basis and amount payable for units cancelled is paid within 7 business days (2021:10 calendar days) from the transaction dates.

**7. Amount due from/to brokers/dealers**

The amount due from/to brokers/dealers relate to disposal/purchase of investments which remain outstanding at the end of the reporting period. These are normally received/paid within 2 business days from the transaction dates.

**8. Manager's fee**

The Manager's fee provided in the financial statements is computed at 1.50% (2021: 1.50%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis.

**9. Trustee's fee**

The Trustee's fee provided in the financial statements is computed at 0.06% (2021: 0.06%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis.



**10. Portfolio turnover ratio (“PTR”)**

	<b>2022</b>	<b>2021</b>
Portfolio turnover ratio (“PTR”)	<u>0.60 times</u>	<u>0.99 times</u>

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year over the average NAV attributable to unitholders of the Fund calculated on a daily basis. The PTR for the current financial year is lower due to decrease in investing activities.

**11. Total expense ratio (“TER”)**

	<b>2022</b>	<b>2021</b>
Total expense ratio (“TER”) <sup>1</sup>	<u>1.60%</u>	<u>1.58%</u>

TER is the ratio of expenses of the Fund expressed as a percentage of the average NAV attributable to unitholders of the Fund for the financial year calculated on a daily basis. The TER for the current financial year is higher due to a lower percentage of decrease in expenses compared with the average net asset value attributable to unitholders of the Fund.

<sup>1</sup> The TER does not include brokerage and other transaction fees.

**12. Income tax expense**

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Estimated Malaysian income tax:		
Current financial year	<u>-</u>	<u>-</u>

Income tax is calculated at the Malaysian statutory rate of taxation of 24% (2021: 24%) of the estimated assessable income for the financial year.

There was no taxation charge for the current and previous financial years due to tax-exempt income received.

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

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Net (loss)/income before taxation	<u>(10,515,421)</u>	<u>39,265,343</u>
Taxation at Malaysian statutory rate of 24% (2021: 24%)	(2,523,701)	9,423,682
Tax effects of:		
Income not subject to tax	(361,665)	(9,799,851)
Loss not deductible for tax purpose	2,550,970	-
Expenses not deductible for tax purpose	95,354	139,075
Restriction on tax deductible expenses for unit trust funds	<u>239,042</u>	<u>237,094</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

### 13. Distribution

	2022 RM	2021 RM
Reinvestment of income distribution	-	2,248,609
Distribution payable	-	110,613
Net final distribution paid on 5 April 2021	-	2,359,222
Distribution to unitholders is from the following sources:		
Dividend income	-	1,306,959
Interest income	-	99,101
Realised gain on sale of investments	-	3,799,170
Distribution equalisation	-	(1,583,827)
	-	3,621,403
Less:		
Expenses	-	(1,262,181)
Net income distribution	-	2,359,222
Gross distribution per unit (sen)	-	2.00
Net distribution per unit (sen)	-	2.00

The net unrealised gain arising from investments at the end of the reporting period was RM393,390 (2021: RM8,029,617).

### 14. Net asset value (“NAV”) attributable to unitholders

	2022 RM	2021 RM
Unitholders’ capital	53,262,612	57,986,634
Retained earnings:		
- Realised reserves	2,650,170	5,529,364
- Unrealised reserves	393,390	8,029,617
	3,043,560	13,558,981
NAV attributable to unitholders	56,306,172	71,545,615

The NAV per unit is rounded up to four decimal places.

### 15. Number of units in circulation

	2022		2021	
	No. of units	RM	No. of units	RM
At beginning of the year	121,788,561	57,986,634	141,354,365	67,143,524
Creation of units	491,076	278,779	14,937,276	6,415,140
Cancellation of units	(8,905,870)	(5,002,801)	(34,503,080)	(17,155,857)
Distribution	-	-	-	1,583,827
At end of the year	113,373,767	53,262,612	121,788,561	57,986,634

**16. Units held by the Manager and its related parties**

There were no units held by the Manager and its related parties.

**17. Transactions with brokers/dealers**

Details of transactions with the brokers/dealers for the financial year are as follows:

	Value of trade# RM	% of total trades %	Brokerage fee* RM	% of total brokerage fees %
<b>2022</b>				
<b>Brokers/dealers</b>				
Maybank Investment Bank Bhd	21,959,202	27.96	66,365	29.00
Kenanga Investment Bank Bhd	17,434,644	22.20	46,293	20.23
Credit Suisse Securities (Singapore) Pte Ltd	14,574,536	18.56	36,454	15.93
Affin Hwang Investment Bank Berhad	13,067,791	16.64	41,434	18.11
CIMB Investment Bank Bhd	5,438,924	6.92	17,075	7.46
AmInvestment Bank Berhad	4,807,195	6.12	19,695	8.61
Alliance Investment Bank Berhad	325,260	0.41	976	0.42
M&A Securities Sdn Bhd	877,300	1.12	-	-
RHB Investment Bank Bhd	55,000	0.07	550	0.24
	<u>78,539,852</u>	<u>100.00</u>	<u>228,842</u>	<u>100.00</u>
<b>2021</b>				
<b>Brokers/dealers</b>				
CIMB Investment Bank Bhd	24,587,689	19.41	85,318	20.00
RHB Investment Bank Bhd	21,422,013	16.91	75,078	17.60
Hong Leong Investment Bank Bhd	19,128,387	15.10	66,161	15.51
UOB Kay Hian Securities (M) Sdn Bhd	18,756,261	14.81	65,717	15.40
Maybank Investment Bank Bhd	10,238,557	8.08	35,838	8.40
Affin Hwang Investment Bank Berhad	9,280,128	7.32	27,689	6.49
Alliance Investment Bank Berhad	8,191,865	6.47	20,965	4.91
AmInvestment Bank Berhad	7,213,479	5.69	22,267	5.22
Credit Suisse Securities (Singapore) Pte Ltd	5,915,656	4.67	20,759	4.87
Nomura Securities Malaysia Sdn Bhd	1,951,582	1.54	6,831	1.60
	<u>126,685,617</u>	<u>100.00</u>	<u>426,623</u>	<u>100.00</u>

#Excludes brokerage and other transaction fees.

\* Only applicable to equity securities.

The transactions above are with non-related parties.

## 18. Financial risk management objectives and policies

The Fund is exposed to a variety of risks which include market risk, credit risk, liquidity risk, specific risk and single issuer risk.

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

### (i) Market risk

The Fund's principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments. The Fund seeks to diversify some of these risks by investing into different sectors to mitigate risk exposure to any single asset class.

The Fund's market risk is affected primarily due to the following risks:

#### (a) Price risk

Price risk is the adverse changes in the fair value of securities as a result of changes in the levels of equity indices and the value of individual securities. The price risk exposure arises from the Fund's quoted investments.

The table below summarises the effect on the net (loss)/income before tax and NAV attributable to the unitholders of the Fund at the end of the reporting period due to possible changes in prices, with all other variables held constant:

Change in price (%)	Effect on net (loss)/income before tax and NAV attributable to unitholders	
	Increase/(Decrease)	
	2022	2021
	RM	RM
+5	2,563,713	3,081,558
(5)	(2,563,713)	(3,081,558)

#### (b) Interest rate risk

This risk refers to the effect of interest rate changes on the returns on deposits with financial institutions. In the event of reduction in interest rates, the returns on deposits with financial institutions will decrease, thus affecting the NAV of the Fund. This risk will be minimised via the management of the duration structure of the deposits with financial institutions.

The Fund's exposure to interest rate risk with respect to deposits with a licensed financial institution is not considered to be significant at the end of the reporting period and consequently no sensitivity analysis on interest rate risk has been presented.

(ii) Credit risk

The Fund's principal exposure to credit risk arises primarily due to changes in the financial conditions of an issuer or a counterparty to make payment of principals, interest and proceeds from realisation of investments. Such events can lead to loss of capital or delayed or reduced income for the Fund resulting in a reduction in the Fund's NAV and thus, unit price. This risk is mitigated by setting counterparty limits and vigorous credit analyses.

Credit risk is generally arising from investments, cash and cash equivalents and other receivables (including dividend receivable, interest receivable and amount due from brokers/dealers). The maximum exposure to credit risk is presented in the statement of financial position. Cash and cash equivalents are placed in financial institutions with strong credit ratings. The Investment Committee of the Fund identifies companies with small market capitalisation which offer above average earnings growth prospects as part of their investing decision-making process.

(iii) Liquidity risk

This risk occurs in thinly traded or illiquid securities. Should the Fund need to sell a relatively large amount of such securities, the act itself may significantly depress the selling price. The risk is minimised by maintaining a prudent level of liquid assets that allows the Fund to meet daily redemption of units without jeopardising potential returns.

The maturity of the Fund's financial liabilities fall due within three months while the NAV attributable to unitholders are repayable on demand.

(iv) Specific risk

The Fund is exposed to the individual risks of the respective companies issuing securities which includes changes to the business performance of the company, consumer tastes and demands, lawsuits and management practices. This risk is minimised through the diversification of the portfolio of investments of the Fund.

(v) Single issuer risk

The Fund's exposure to securities issued by any issuer is limited to not more than a certain percentage of the Fund's NAV. Under such restriction, the risk exposure to the securities of any issuer is minimised.

## 19. Operating segment

The Fund is organised into one main operating segment for investment management purposes. The Investment Department takes a team approach to the investment process of the Fund. The decision-making process involves input from the entire team, with each team member (inclusive of analysts) contributing their respective expertise and views to yield fully informed conclusions. The Investment Committee is responsible for ensuring adherence to investment guidelines, both internal and external, as well as to assess strategy and implementation effectiveness, and to oversee the entire investment function. Accordingly, significant operating decisions are based upon the analysis of the Fund as one operating segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

## **20. Capital management**

The Fund's capital comprises unitholders' subscription to the Fund. The unitholders' capital fluctuates according to the daily subscription and redemption of units at the discretion of unitholders.

The Fund aims to achieve its investment objective and at the same time, maintain sufficient liquidity to meet unitholders' redemptions.

## **CORPORATE INFORMATION**

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Datuk Ir. Hamzah Bin Hasan

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Mr. Andy Lim Say Kiat

En. Mohd Fadzli Bin Mohd Anas

Mr. Lim Wen Sheong

Mr. Lee Chay Khiong (Alternate Director to Mr. Lim Wen Sheong)

### **INVESTMENT MANAGER**

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### **COMPANY SECRETARY**

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