



**OPUS GLOBAL INCOME FUND
(OPUS GIF)**

ANNUAL REPORT 2020

**FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2020**

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Market Review, Outlook and Strategy

Market Review

As we approach the end of a turbulent year, the economic recovery continues albeit at an uneven pace. Despite the still rising number of Covid-19 cases globally, recent vaccine news has provided an overall boon to the prospects of a return to normality sooner rather than later. Nonetheless, challenges still remain with the vaccine rollout schedule likely to take time while a new strain of the virus threatens.

The gradual easing of lockdown measures saw economies post a smaller year-on-year contraction in the third quarter (US: -2.9% and Eurozone: -4.3%) but a retracement to pre-pandemic growth levels still remains a distant prospect as virus containment measures were renewed while unemployment rates remain elevated above pre-pandemic levels. Meanwhile, China's early efforts in the strict containment of virus flare-ups have largely paid off with third quarter GDP growth of 4.9% compared to the previous year. China's recovery continues on from strength to strength with industrial production and retail sales continuing to trend upwards, reinforcing China's position as the only major economy seeing its economy trend towards a sense of normality. China's recovery should benefit the Emerging Asia region, including Malaysia.

Over in US, the victory of Democrat Joe Biden as the 46th US President has brought about a more risk-on tone to the market as of late while a renewed USD900 bil fiscal stimulus package should serve to backstop the US economy from diving over a fiscal cliff as wage supplements begin running dry.

Meanwhile, the US Federal Reserve reaffirmed its commitment towards accommodative monetary policy in its effort to assist the fragile recovery of the economy. Interest rates were kept between the 0-0.25% band while asset purchases will continue until "substantial further progress" in employment and inflation is seen. In the same chorus, the European Central Bank extended its commitment to protect the Eurozone economy from a double dip recession with the expansion of its asset purchase program until Mar'22, with a size increase of EUR500 bil to EUR1.85 tril.

On the domestic front, Malaysia posted a year-on-year GDP contraction of 2.7% during 3Q20 as economic activity improved amid lightened lockdown measures. However, following the spike in Covid-19 cases in Oct'20, lockdown measures were renewed which resulted in yet another slowdown in economic activity within the nation's heartland. An eventual return to normality will likely remain protracted with business and consumer sentiment still weak while social distancing endures.

Conversely, the government has introduced the largest expansionary budget aimed at shaking off the effects of the pandemic. Despite the political drama that ensued, the budget was successfully passed, removing a key event risk for the nation's economy while still reflecting a cautious first step by the government towards eventual fiscal consolidation with the deficit set to shrink from 6% to 5.4% in 2021. On the monetary policy front, Bank Negara Malaysia (BNM) maintained its Overnight Policy Rate (OPR) at 1.75%. Given ongoing downside risks, we see BNM's move as intended to reserve ammunition for further uncertainties ahead.

The Malaysian Government Securities' (MGS) yield curve steepened in 4Q20 as yields on the front

-end (3yrs to 7yrs) fell by 6-13bps while the tail-end (10yrs to 30yrs) rose up to 18bps as investors digested the increase in supply of long dated papers but shrugged off the rating downgrade by Fitch Ratings in Dec'20 with focus on bargain hunting activities with yields at attractive levels.

Market Outlook

Although the arrival of a vaccine has been welcoming news, we remain cognisant that the rollout of the vaccines will still face hurdles ahead ranging from logistics to acceptance of the vaccine which could serve to hinder the pace of its distribution while a new strain of the virus threatens while cases continue to rise. In the meantime, we continue to anticipate continued support by policymakers worldwide, either via the fiscal or monetary arm. In fact, central banks globally have reiterated support for a continuation of accommodative policies till clear signs of a sustained recovery emerges.

In Malaysia, the passage of the largest budget to date reflects the ongoing domestic struggle to shake off the pandemic induced trough but reflects a first cautious step towards fiscal consolidation. Nonetheless, with the number of Covid-19 cases continuing its upward trajectory, and until mass inoculation is achieved, we continue to expect the road towards a sustained economic recovery to be bumpy with further downside risks stemming from ongoing geopolitical uncertainties as well as local political clamour.

Hence, we are anticipating a possible 25bps cut in the OPR within 1H2021 to support businesses and individuals exiting the blanket loan moratorium while also being supportive of the larger government debt issuances to fund Budget 2021. Overall, we continue to see good support for the local bond market going forward despite bouts of volatility in the short-term. As real yields on Malaysian bonds remain relatively high, the Malaysian bond market is likely to witness continuously moderate inflows of foreign funds.

Strategy

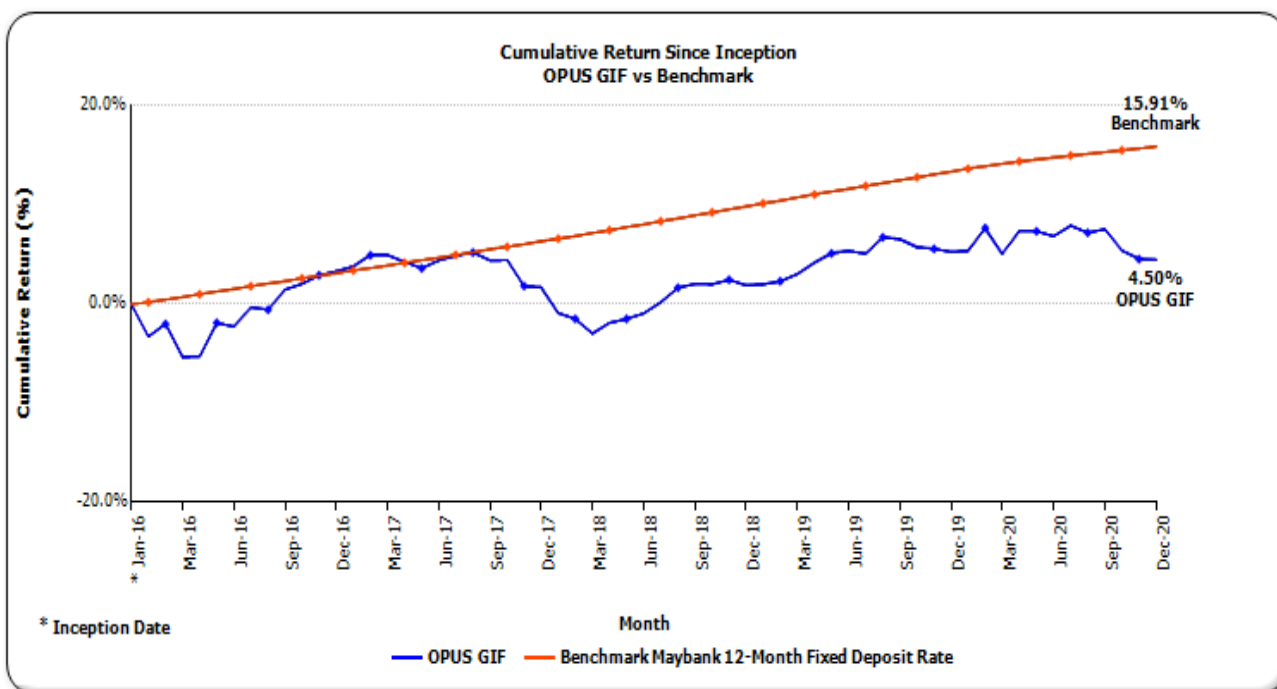
Volatility in the foreign currency markets looks to remain elevated considering the heightened risks present in the global economy. USD may strengthen as long as risk aversion continues. SGD also tends to track the USD in the long run. Hence, the targeted allocation will be balanced with 30% - 50% in USD, 20% - 30% in SGD and the remaining 30% - 40% in Ringgit. The currency allocation may momentarily differ depending on the short-term volatility in the currency markets. In terms of duration, we are keeping the average duration in USD and SGD portfolios short at around 3 years and Ringgit's average duration longer at around 5 years.

Performance: Underperformed benchmark by 11.41% since inception

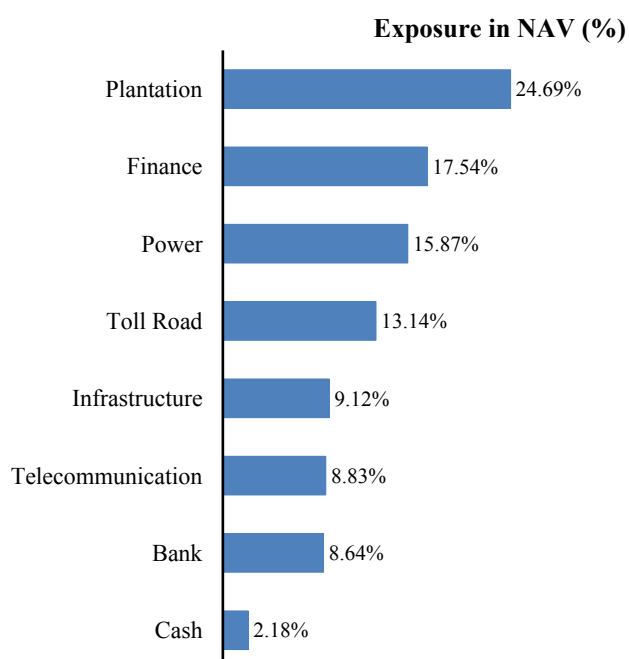
As at 31 December 2020, the Fund was 97.82% invested while 2.18% was held in cash. The Fund's TWRR since inception was 4.50% compared to the benchmark of 15.91%, which is the accreted value since inception of the Maybank 12-Month Fixed Deposit Rate. Hence, the Fund underperformed the benchmark by 11.41%. Year-to-date, TWRR for the fund was -0.76% against the benchmark TWRR of 2.22%. The Fund had a duration of 3.64 years. The average rating of the portfolio was AA3.

OPUS GLOBAL INCOME FUND

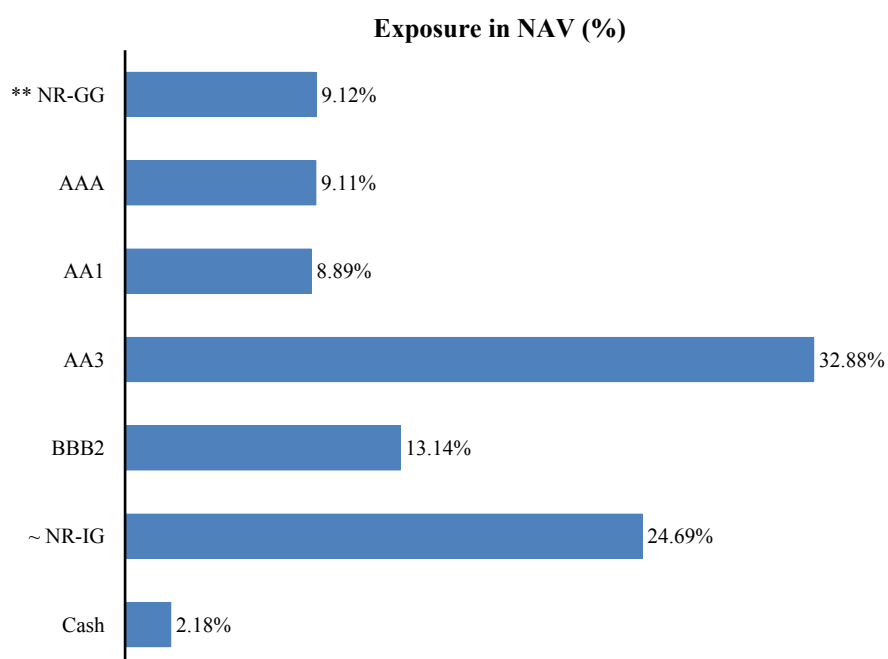
MANAGER'S REPORT - FOR FINANCIAL YEAR ENDED 31 DECEMBER 2020



Distribution By Sector as at 31 December 2020

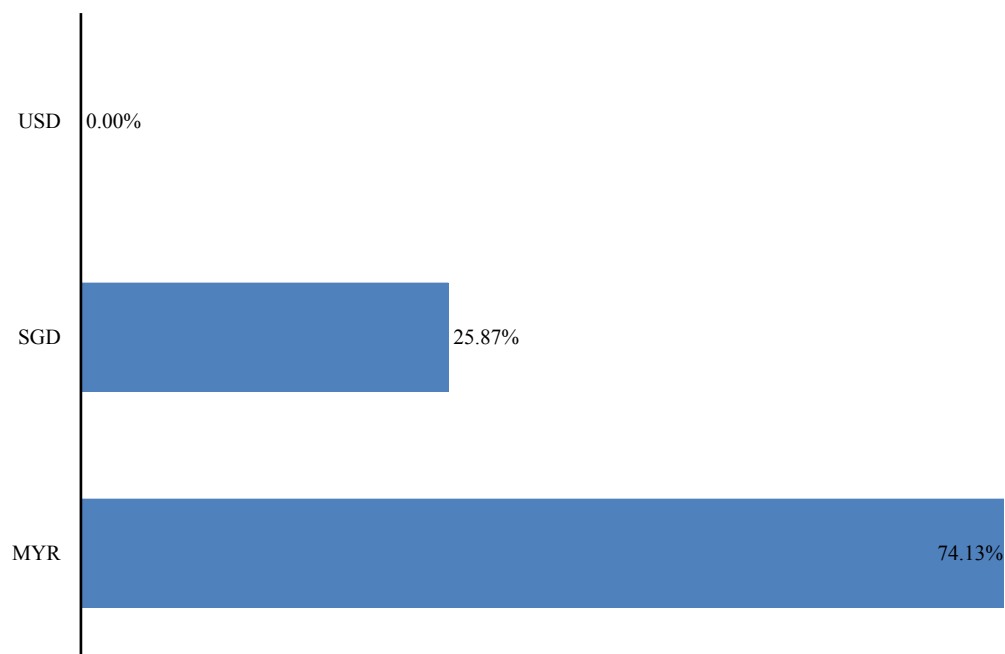


Distribution By Rating as at 31 December 2020



**** Non Rated–Government Guaranteed**
~ Non Rated-Investment Grade

Currency Allocation



INFORMATION ON THE OPUS GLOBAL INCOME FUND (OPUS GIF or “the Fund”)

Category : Fixed Income

Type : Income

Benchmark : Maybank, 12-Month Fixed Deposit Rate

Investment Objective

To achieve higher returns compared to benchmark over a medium to long-term* period from investments in a diversified portfolio of fixed income securities in various currencies.

** Note: The Manager regards 3 to 5 years as medium-term and more than 5 years as long-term.*

Investment Strategy

The Fund seeks to achieve its objective by investing in a diversified portfolio of bonds and liquid assets. The Fund's investment may vary from sovereign to quasi-sovereign and corporate (listed and unlisted).

The Fund's investment maturity profile is subject to active maturity structure management based on the interest rate outlook without any portfolio maturity limitation. This means, the Fund may invest in bonds, money market instruments, placement of deposits and other permitted investments with varying maturities.

The Fund may invest in foreign fixed income securities where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commission (IOSCO).

The key foreign markets where the Fund may seek to invest in are as follows but not limited to:

- United States of America
- United Kingdom
- Singapore
- Hong Kong
- Switzerland
- France
- Germany
- Australia

OPUS GLOBAL INCOME FUND

MANAGER'S REPORT - FOR FINANCIAL YEAR ENDED 31 DECEMBER 2020

Unit Holders' Profile

The Fund was launched on 18 December 2015. As at [31 December 2020](#), there were approximately [3.14](#) million units of the Fund in circulation.

Breakdown of Unit Holdings by size as at 31 December 2020

Size (Units)	Total Unit Holders*	Percentage of Total Unitholders	Total Units	Percentage of Total Units
0-10,000	1	33.33	0.0098	0.00
10,001-500,000	0	0.00	0.0000	0.00
500,001-1,000,000	0	0.00	0.0000	0.00
1,000,001-2,000,000	2	66.67	3,142,246.2511	100.00
2,000,001-3,000,000	0	0.00	0.0000	0.00
3,000,001-4,000,000	0	0.00	0.0000	0.00
4,000,001-5,000,000	0	0.00	0.0000	0.00
5,000,001-10,000,000	0	0.00	0.0000	0.00
10,000,001-50,000,000	0	0.00	0.0000	0.00
50,000,001-above	0	0.00	0.0000	0.00
Total	3	100.00	3,142,246.2609	100.00

*Note: Include Unit Trust Adviser(s)

OPUS GLOBAL INCOME FUND

MANAGER'S REPORT - FOR FINANCIAL YEAR ENDED 31 DECEMBER 2020

OPUS GIF	31 December 2020	31 December 2019
Net Asset Value (RM)	3,065,209.82	3,088,578.86
Net Asset Value Per unit (RM)	0.9755	0.9967
Total Units in Circulation (units)	3,142,246.2609	3,098,716.4551
Selling / Repurchase price (RM)	0.9755	0.9967

OPUS GIF	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019
Portfolio Turnover Ratio (PTR) for the financial year	0.56 times	0.70 times
Net distribution per unit for the financial year (RM)*	0.0140	0.0350
Daily Return Volatility for the financial year **	0.17%	0.12%

* Distributions were made on 25 March 2020, 24 June 2020 and 28 September 2020

** measured by standard deviation of daily returns.

Other Information

There is no change in key investment team and delegates.

OPUS GLOBAL INCOME FUND

STATEMENT BY MANAGER

We, SIAW WEI TANG and CHAN CHOONG KONG, two of the Directors of Opus Asset Management Sdn. Bhd. (the "Manager"), do hereby state that in the opinion of the Directors of the Manager, the accompanying financial statements set out on pages 15 to 50 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as of 31 December 2020 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

On behalf of the Manager

SIAW WEI TANG
MANAGING DIRECTOR

CHAN CHOONG KONG
DIRECTOR

Kuala Lumpur
22 February 2021

TRUSTEE’S REPORT

TO THE UNITHOLDERS OF OPUS GLOBAL INCOME FUND

We have acted as Trustee for Opus Global Income Fund (the “Fund”) for the financial year ended 31 December 2020. To the best of our knowledge, for the financial year under review, Opus Asset Management Sdn Bhd (the “Manager”) has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission’s Guidelines on Unlisted Capital Market Products under The Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation and pricing for the Fund is carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units for the Fund are carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements.

We are of the view that the distributions made during the financial year ended 31 December 2020 by the Manager are not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Trustee Operations

Gerard Ang
Chief Executive Officer

Kuala Lumpur
22 February 2021

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF OPUS GLOBAL INCOME FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Opus Global Income Fund (the "Fund") give a true and fair view of the financial position of the Fund as at 31 December 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 50.

Basis for opinion

We conducted our audit in accordance with approved standards on 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) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' 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.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF OPUS GLOBAL INCOME FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Manager's report but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information 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 other information and, in doing so, consider whether the other information 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 other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF OPUS GLOBAL INCOME FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the 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.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS
OF OPUS GLOBAL INCOME FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements 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 MATTERS

This report is made solely to the unit holders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401–LCA & AF 1146
Chartered Accountants

Kuala Lumpur
22 February 2021

OPUS GLOBAL INCOME FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
ASSETS			
Financial assets at fair value through profit or loss ("FVTPL")	4	3,013,824	2,851,531
Cash and cash equivalents	5	67,022	252,741
TOTAL ASSETS		3,080,846	3,104,272
LIABILITIES			
Amount due to brokers		-	-
Amount due to Manager		3,236	3,291
Amount due to Trustee		1,016	1,019
Other payables and accruals	6	11,384	11,384
TOTAL LIABILITIES		15,636	15,694
NET ASSET VALUE		3,065,210	3,088,578
UNITHOLDERS' FUNDS			
Unitholders' capital		3,078,537	3,034,953
(Accumulated losses)/Retained earnings		(13,327)	53,625
NET ASSET ATTRIBUTABLE TO UNITHOLDERS		3,065,210	3,088,578
UNITS IN CIRCULATION	7	3,142,247	3,098,717
NET ASSET VALUE PER UNIT		0.9755	0.9967

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

OPUS GLOBAL INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
INVESTMENT INCOME			
Interest income from unquoted fixed income securities at FVTPL		112,585	234,278
Interest income from deposits with licensed financial institutions at amortised cost		5,425	10,386
Net (loss) /gain on financial assets at FVTPL	4	(33,418)	58,124
Net realised foreign currency exchange (loss)/gain		(44,549)	6,765
		<u>40,043</u>	<u>309,553</u>
EXPENSES			
Management fee	8	(39,065)	(73,860)
Trustee's fee	9	(12,001)	(12,001)
Audit fee		(7,150)	(7,650)
Tax agent's fee		(3,200)	(3,200)
Other expenses		(1,995)	(4,171)
		<u>(63,411)</u>	<u>(100,882)</u>
(LOSS)/PROFIT BEFORE TAXATION		(23,368)	208,671
TAXATION	10	-	-
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE FINANCIAL YEAR		<u>(23,368)</u>	<u>208,671</u>
(Loss)/profit after taxation is made up of the following:			
Realised amount		(7,711)	73,986
Unrealised amount		(15,657)	134,685
		<u>(23,368)</u>	<u>208,671</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

OPUS GLOBAL INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
Distributions during the financial year	11	<u>43,584</u>	<u>170,960</u>
Gross distribution per unit (sen)	11	<u>1.40</u>	<u>3.50</u>
Net distribution per unit (sen)	11	<u>1.40</u>	<u>3.50</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

OPUS GLOBAL INCOME FUND

STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Unitholders' capital RM	Retained earnings/ (accumulated losses) RM	Total RM
Balance as at 1 January 2019	6,179,914	15,914	6,195,828
Movement in net asset value:			
Total comprehensive income for the financial year	-	208,671	208,671
Creation of units from distributions	170,960	-	170,960
Cancellation of units	(3,315,921)	-	(3,315,921)
Distributions (Note 11)	-	(170,960)	(170,960)
Balance as at 31 December 2019	<u>3,034,953</u>	<u>53,625</u>	<u>3,088,578</u>
Balance as at 1 January 2020	3,034,953	53,625	3,088,578
Movement in net asset value:			
Total comprehensive loss for the financial year	-	(23,368)	(23,368)
Creation of units from applications	-	-	-
Creation of units from distributions	43,584	-	43,584
Cancellation of units	-	-	-
Distributions (Note 11)	-	(43,584)	(43,584)
Balance as at 31 December 2020	<u>3,078,537</u>	<u>(13,327)</u>	<u>3,065,210</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

OPUS GLOBAL INCOME FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		1,644,304	4,997,325
Proceeds from redemption of unquoted fixed income securities		-	1,048,875
Purchase of investments		(1,843,420)	(3,285,101)
Interest income received from unquoted fixed income securities		115,991	239,568
Interest income received from deposits with licensed financial institutions		5,425	10,386
Management fee paid		(39,120)	(77,162)
Trustee's fee paid		(12,004)	(12,001)
Payment for other fees and expenses		(12,346)	(13,844)
Net realised foreign currency exchange (loss)/gain		(40,707)	584
Net cash (used in)/generated from operating activities		<u>(181,877)</u>	<u>2,908,630</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		-	-
Payments for cancellation of units		-	(3,315,921)
Proceeds from creation of units		-	-
Net cash used in financing activity		<u>-</u>	<u>(3,315,921)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(181,877)	(407,291)
EFFECTS OF FOREIGN CURRENCY EXCHANGE		(3,842)	6,181
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		252,741	653,851
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5	<u><u>67,022</u></u>	<u><u>252,741</u></u>
Cash and cash equivalents comprise:			
Deposits with licensed financial institutions		-	216,416
Bank balance		67,022	36,325
	5	<u><u>67,022</u></u>	<u><u>252,741</u></u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

OPUS GLOBAL INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

A Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention, except as disclosed in the summary of significant accounting policies, and comply with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement on complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note K.

(a) Standards, amendments to published standards and interpretations that are effective:

The Fund has applied the following amendments for the first time for the financial year beginning on 1 January 2020:

- Amendments to the definition of material (Amendments to MFRS 101 and MFRS 108) effective 1 January 2020.

The amendments clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting.

The definition of ‘material’ has been revised as “Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of financial statements for general purposes make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

OPUS GLOBAL INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A Basis of preparation of the financial statements (continued)

- (a) Standards, amendments to published standards and interpretations that are effective:
(continued)

The Fund has applied the following amendments for the first time for the financial year beginning on 1 January 2020: (continued)

The amendments also:

- clarify that an entity assess materiality in the context of the financial statements as a whole.
- explain the concept of obscuring information in the new definition. Information is obscured if it has the similar effect as omitting or misstating of that information. For example, material transaction is scattered throughout the financial statements, dissimilar items are inappropriately aggregated, or material information is hidden by immaterial information.
- clarify the meaning of ‘primary users of financial statements for general purpose’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on financial statements for much of the financial information they need.

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 January 2020 that have a material effect on the financial statements of the Fund.

OPUS GLOBAL INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A Basis of preparation of the financial statements (continued)

- (b) Standards, amendments and interpretations that have been issued but not yet effective and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

B Income recognition

Interest income from deposits with a licensed financial institution and unquoted fixed income securities are recognised on an accrual basis using the effective interest method.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

Realised gain and loss on sale of unquoted fixed income securities is measured by the difference between the net disposal proceeds and the carrying amounts of investment, determined on the cost adjusted for accretion of discount or amortisation of premium.

C Distribution

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the period in which it is approved by the Trustee.

D Taxation

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable income earned during the financial year.

E Presentation and functional currency

Items included in 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 the Fund's presentation and functional currency.

OPUS GLOBAL INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E Presentation and functional currency (continued)

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in RM primarily due to the following factors:

- i) units of the Fund are denominated in RM;
- ii) the Fund's expenses are denominated in RM; and
- iii) significant portion of the Fund's investment is denominated in RM.

F Financial assets

Classification

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either other comprehensive income or through profit or loss), and
- those to be measured at amortised cost

The Fund classifies its investments based on both Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, as financial assets measured at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

OPUS GLOBAL INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F Financial assets (continued)

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Unrealised gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognised in the statement of comprehensive income in the financial period in which they arise.

Unquoted fixed income securities denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission of Malaysia ("SC") as per the SC Guidelines on Unlisted Capital Market Products under The Lodge and Launch Framework. Refer to Note K for further explanation.

For non-Ringgit Malaysia unquoted fixed income securities will be valued in the following order of priority:

- (i) at least weekly by reference to the average indicative yield quoted by at least one independent financial institution selected by the Manager; or
- (ii) the value determine by reference to the value of such unquoted fixed income securities quoted by Bloomberg; or
- (iii) the fair value as determined in good faith by the Manager, on method or basis which have been verified by the auditor of the Fund and approved by the Trustee.

Deposits with a licensed financial institution is stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the respective deposits, which is a reasonable estimate of fair value due to the short-term nature of the deposits.

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

OPUS GLOBAL INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F Financial assets (continued)

Impairment of financial assets

The Fund measures credit risk and expected credit losses using probability of default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

Any contractual payment which is more than 90 days past due is considered credit impaired.

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

G Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Fund classifies amount due to Manager, amount due to Trustee and other payables and accruals as financial liabilities measured at amortised cost.

OPUS GLOBAL INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G Financial liabilities (continued)

A financial liability is de-recognised when it is extinguished, i.e. when specified in the contract is discharged or cancelled or expired. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

H Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balance and deposits with a licensed financial institution that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

I Unitholders' capital

The unitholders' contributions to the Fund meet the criteria of definition of puttable instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net assets value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

OPUS GLOBAL INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value is defined as 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. The information presented herein represents the estimates of fair values as at the date of the statement of financial position.

K Critical accounting estimates and judgements in applying accounting policies

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgments are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates of fair value of unquoted fixed income securities

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC Guidelines on Unlisted Capital Market Products under The Lodge and Launch Framework.

Ringgit-denominated unquoted fixed income securities are valued using fair value prices quoted by a BPA. Where the Manager is of the view that the price quoted by BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points ("bps"), the Manager may use market price, provided that the Manager:

- (i) records its basis for using a non-BPA price;
- (ii) obtain necessary internal approvals to use the non-BPA price; and
- (iii) keeps an audit trail of all decisions and basis for adopting the market price.

Non-Ringgit Malaysia denominated unquoted fixed income securities are valued based on the value prices quoted by Bloomberg as at 31 December 2020 Refer to Note F for further explanation.

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020

1 INFORMATION ON THE FUND

Opus Global Income Fund (hereinafter referred to as ‘the Fund’) was constituted pursuant to the execution of a First Supplemental Deed dated 15 November 2010, a Second Supplemental Deed dated 28 January 2011, a Third Supplemental Deed dated 1 July 2011, a Fourth Supplemental Deed dated 15 December 2011, a Fifth Supplemental Deed dated 28 June 2012, a Sixth Supplemental Deed dated 20 November 2013, a Seventh Supplemental Deed dated 28 October 2014, a Eighth Supplemental Deed dated 27 July 2015, a Ninth Supplemental Deed dated 26 October 2015, a Tenth Supplemental Deed dated 6 January 2016 and a Eleventh Supplemental Deed dated 6 January 2016 between Opus Asset Management Sdn. Bhd. as the Manager and Deutsche Trustees Malaysia Berhad as the Trustee. The Fund was launched on 18 December 2015 and will continue to be in operation until determined otherwise by the Manager or the Trustee as provided under the Deeds.

The principal of business is located at B-19-2, Northpoint Offices, Mid Valley City, No.1, Medan Syed Putra Utara, 59200 Kuala Lumpur.

The objective of the Fund is to achieve higher returns than Maybank, 12-Month Fixed Deposit Rate over a medium to long term period from investments in a diversified portfolio of fixed income securities in various currencies.

The Manager, Opus Asset Management Sdn. Bhd., a company incorporated in Malaysia, is principally engaged in the business of fund management and the provision of financial advisory services.

The financial statements were authorised for issue by the Manager on 22 February 2021.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include management risk, market risk (inclusive of price risk, interest rate risk and currency risk), credit risk, liquidity risk, non-compliance risk and capital risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the Fund’s Information Memorandum.

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
<u>2020</u>			
Unquoted fixed income securities	3,013,824	-	3,013,824
Cash and cash equivalents	-	67,022	67,022
	<u>3,013,824</u>	<u>67,022</u>	<u>3,080,846</u>
<u>2019</u>			
Unquoted fixed income securities	2,851,531	-	2,851,531
Cash and cash equivalents	-	252,741	252,741
	<u>2,851,531</u>	<u>252,741</u>	<u>3,104,272</u>

Management risk

Poor management of the Fund may jeopardise the investment of each unitholder. Therefore, it is important for the Manager to set the investment policies and appropriate strategies to be in line with the investment objective before any investment activities can be considered. However, there can be no guarantee that these measures will produce the desired results.

Price risk

Price risk is the risk that the fair value of an investment of the Fund will fluctuate because of changes in market prices (other than those arising from interest rate risk).

The Fund's overall exposure to price risk was as follows:

	<u>2020</u> RM	<u>2019</u> RM
Financial assets at fair value through profit or loss*	<u>3,013,824</u>	<u>2,851,531</u>

* Includes interest receivable of RM37,791 (2019: RM28,702).

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Price risk (continued)

The table below summarises the sensitivity of the Fund's net asset value and profit after tax to movements in prices of investments. The analysis is based on the assumption that the price of the investments fluctuates by 5% with all other variables held constant.

	Change in price of investments	Market value	Impact on profit after tax and net asset value
	%	RM	RM
<u>2020</u>			
	-5	2,827,231	(148,802)
	0	2,976,033	-
	5	3,124,835	148,802
<u>2019</u>			
	-5	2,681,688	(141,141)
	0	2,822,829	-
	5	2,963,970	141,141

Interest rate risk

In general, when interest rates rise, unquoted fixed income securities' prices will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund hold unquoted fixed income securities till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the net asset value shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial since bond portfolio management depends on forecasting interest rate movements. Unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Investors should note that unquoted fixed income securities (such as the bonds held by the Fund) and money market instruments are subject to interest rate fluctuations.

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

The table below summarises the sensitivity of the Fund's net asset value to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 1% with all other variables held constant.

<u>% change in interest rate</u>	<u>Impact on profit after tax/ net asset value</u>	
	<u>2020</u> RM	<u>2019</u> RM
+1%	(5,208)	(4,816)
-1%	6,716	4,831

Currency risk

Currency risk is associated with financial instruments that are quoted and/or priced in foreign currency denomination. Malaysian based investor should be aware that if the Ringgit Malaysia appreciates against the currencies in which the portfolio of the investment is denominated, this will have an adverse effect on the net asset value of the Fund and vice versa. Investors should note any gains or losses arising from the movement of foreign currencies against its home currency may therefore increase/decrease the capital gains of the financial instruments. Nevertheless, investors should realise that currency risk is considered as one of the major risks to financial instruments in foreign assets due to the volatile nature of the foreign exchange market.

The following table sets out the foreign currency risk concentrations of the Fund.

	<u>Financial assets at fair value through profit or loss</u> RM	<u>Cash and cash equivalents</u> RM	<u>Total</u> RM
<u>2020</u>			
SGD	760,774	36,373	797,147
USD	-	5	5
	<u>760,774</u>	<u>36,378</u>	<u>797,152</u>

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk (continued)

The following table sets out the foreign currency risk concentrations of the Fund. (continued)

	Financial assets at fair value through <u>profit or loss</u> RM	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>2019</u>			
SGD	1,533,262	17,902	1,551,164
USD	833,754	5,724	839,478
	<u>2,367,016</u>	<u>23,626</u>	<u>2,390,642</u>

The table below summarises the sensitivity of the Fund's net asset value and profit after tax to changes in foreign exchange movements at the end of each financial year. The analysis is based on the assumption that the foreign exchange rate changes by 5%, with all other variables remaining constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impact could be positive or negative.

	Change in foreign <u>exchange rate</u> %	<u>Impact on profit</u> <u>after tax/ net asset value</u> RM
<u>2020</u>		
SGD	5	<u>39,857</u>
USD	5	<u>-</u>
<u>2019</u>		
SGD	5	<u>77,558</u>
USD	5	<u>41,974</u>

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

This refers to the likelihood that the company issuing the bonds and/or financial institution where liquid assets of the Fund are deposited may default. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer and/or financial institution. This risk refers to the possibility that the issuer of an instrument and/or financial institution will not be able to make timely payments of interest or principal repayment on the maturity date, where applicable. This may lead to a default in the payment of principal and interest and ultimately a reduction in the value of the Fund.

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Unlisted Capital Market Products under The Lodge and Launch Framework.

The following table sets out the credit risk concentration of the Fund.

	Unquoted fixed income securities RM	Cash and cash equivalents RM	<u>Total</u> RM
<u>2020</u>			
- AAA	280,715	-	280,715
- AA1	273,846	67,022	340,868
- AA3	1,012,952	-	1,012,952
- BBB2	404,715	-	404,715
- Unrated (Government)	280,822	-	280,822
- Unrated (Investment grade)	760,774	-	760,774
	<u>3,013,824</u>	<u>67,022</u>	<u>3,080,846</u>

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit default risk (continued)

The following table sets out the credit risk concentration of the Fund: (continued)

	Unquoted fixed income securities RM	Cash and cash equivalents RM	<u>Total</u> RM
<u>2019</u>			
- AAA	-	216,416	216,416
- AA1	-	36,325	36,325
- A	484,515	-	484,515
- Baa1	833,754	-	833,754
- Baa3	775,231	-	775,231
- Unrated (Investment grade)	758,031	-	758,031
	<u>2,851,531</u>	<u>252,741</u>	<u>3,104,272</u>

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

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations.

Liquidity risk exists when particular investments are difficult to sell, possibly preventing the Fund from selling such illiquid securities at an advantageous time or price. Wholesale funds with principal investment strategies that involve securities or securities with substantial market and/or credit risk tend to have the greater exposure to liquidity risk. As part of its risk management, the Manager will attempt to manage the liquidity of the Fund through asset allocation and diversification strategies within the portfolio. The Manager will also conduct constant fundamental research and analysis to forecast future liquidity of its investments.

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
<u>2020</u>			
Amount due to Manager	3,236	-	3,236
Amount due to Trustee	1,016	-	1,016
Other payables and accruals	-	11,384	11,384
	<u>4,252</u>	<u>11,384</u>	<u>15,636</u>
<u>2019</u>			
Amount due to Manager	3,291	-	3,291
Amount due to Trustee	1,019	-	1,019
Other payables and accruals	-	11,384	11,384
	<u>4,310</u>	<u>11,384</u>	<u>15,694</u>

Non-compliance risk

This is the risk of the Manager not complying with the internal policies, the Deeds of the Fund, all applicable laws or guidelines issued by the regulators. This may occur as a result of system failure or the inadvertence of the Manager. The magnitude of such risk and its impact on the Fund and/or unitholders are dependent on the nature and severity of the non-compliance. Non-compliance may adversely affect the Fund especially if the investment of the Fund has to be disposed at a lower price to rectify the non-compliance.

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

3 FAIR VALUE ESTIMATION

Fair value is defined as 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 (i.e. an exit price).

The fair values of financial assets traded in active market (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the financial year end date.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which market were or have been inactive during the financial period. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The fair values are based on the following methodologies and assumptions:

- (i) For bank balances, deposits and placements with financial institutions with maturities less than 1 year, the carrying value is a reasonable estimate of fair value.
- (ii) The carrying value less impairment of receivables and payables are assumed to approximate their fair values. The carrying values of financial assets and financial liabilities approximate their fair values due to their short term nature.

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy

The Fund adopted MFRS 13 “Fair Value Measurement” in respect of disclosures about the degree of reliability of fair value measurement. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active market 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 (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund’s financial assets (by class) measured at fair value:

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<u>2020</u>				
Financial assets at fair value through profit or loss:				
- Unquoted fixed income securities	-	3,013,824	-	3,013,824

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<u>2019</u>				
Financial assets at fair value through profit or loss:				
- Unquoted fixed income securities	-	2,851,531	-	2,851,531

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. Level 2 instruments include unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or nontransferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note F.

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	<u>2020</u> RM	<u>2019</u> RM
Financial assets at FVTPL:		
- Unquoted fixed income securities - local	2,253,050	484,515
- Unquoted fixed income securities - foreign	760,774	2,367,016
	<u>3,013,824</u>	<u>2,851,531</u>
	<u>2020</u> RM	<u>2019</u> RM
Net (loss)/gain on financial assets at FVTPL comprised:		
- net realised loss on sale of financial assets at FVTPL	(21,603)	(70,380)
- net unrealised (loss)/gain on changes in fair value	(11,815)	128,504
	<u>(33,418)</u>	<u>58,124</u>

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL") (CONTINUED)

Financial assets designated as FVTPL as at 31 December 2020 are as follows:

Name of Counter	Nominal value	Cost RM	Fair value as at 31/12/2020 RM	Fair value as at 31/12/2020 expressed as a percentage of value of the Fund %
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UNQUOTED FIXED INCOME SECURITIES - LOCAL

UNQUOTED FIXED INCOME SECURITIES DENOMINATED IN MYR

BANK

4.88% Ambank Islamic Berhad 18/10/2023 AA3	250,000	<u>265,917</u>	<u>266,254</u>	<u>8.69</u>
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FINANCE

3.85% AEON Credit Service (M) Berhad 10/02/2028 AA3	250,000	253,797	259,642	8.47
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6.11% Al-Dzahab Assets Berhad 11/09/2024 AAA	250,000	<u>279,637</u>	<u>280,715</u>	<u>9.16</u>
		<u>533,434</u>	<u>540,357</u>	<u>17.63</u>

INFRASTRUCTURE

4.53% Prasarana Malaysia Berhad 10/03/2034 NR-GG	250,000	<u>282,407</u>	<u>280,822</u>	<u>9.16</u>
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OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL") (CONTINUED)

Financial assets designated as FVTPL as at 31 December 2020 are as follows: (continued)

Name of Counter	Nominal value	Cost RM	Fair value as at 31/12/2020 RM	Fair value as at 31/12/2020 expressed as a percentage of value of the Fund
				%

UNQUOTED FIXED INCOME SECURITIES - LOCAL (CONTINUED)

UNQUOTED FIXED INCOME SECURITIES DENOMINATED IN MYR (CONTINUED)

POWER

5.45% Malakoff Power Bhd 15/12/2023 AA3	200,000	214,028	214,994	7.01
5.05% YTL Power International Bhd 03/05/2027 AA1	250,000	272,141	273,846	8.93
		486,169	488,840	15.94

TELECOMMUNICATION

5.45% BGSM Management Sdn Bhd 28/06/2024 AA3	250,000	271,574	272,062	8.88
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TOLL ROAD

5.80% MEX II Sdn Bhd 28/04/2028 BBB	500,000	543,305	404,715	13.20
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TOTAL UNQUOTED FIXED INCOME SECURITIES

- LOCAL		2,382,806	2,253,050	73.50
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OPUS GLOBAL INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)****4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL") (CONTINUED)**

Financial assets designated as FVTPL as at 31 December 2020 are as follows: (continued)

				Fair value as at 31/12/2020 expressed as a percentage of value of the Fund %
Name of Counter	Nominal value	Cost RM	Fair value as at 31/12/2020 RM	
UNQUOTED FIXED INCOME SECURITIES - FOREIGN				
UNQUOTED FIXED INCOME SECURITIES DENOMINATED IN SGD				
PLANTATION				
4.75% Golden Assets International Investment Pte Ltd 25/01/2021 NR- IG	250,000	748,241	760,774	24.82
TOTAL UNQUOTED FIXED INCOME SECURITIES - FOREIGN		748,241	760,774	24.82
TOTAL UNQUOTED FIXED INCOME SECURITIES		3,131,047	3,013,824	98.32
ACCUMULATED UNREALISED LOSS		(117,223)		
TOTAL FINANCIAL ASSETS AT FVTPL		3,013,824		

OPUS GLOBAL INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)****4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL") (CONTINUED)**

Financial assets at FVTPL as at 31 December 2019 are as follows: (continued)

Name of Counter	Nominal value	Cost RM	Fair value as at 31/12/2019 RM	Fair value as at 31/12/2019 expressed as a percentage of value of the Fund %

UNQUOTED FIXED INCOME SECURITIES - LOCAL**UNQUOTED FIXED INCOME SECURITIES DENOMINATED IN MYR**

5.80% MEX II Sdn Bhd 28/04/2028 A	500,000	543,385	484,515	15.69
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**TOTAL UNQUOTED
FIXED INCOME
SECURITIES
- LOCAL**

543,385	484,515	15.69
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UNQUOTED FIXED INCOME SECURITIES - FOREIGN**UNQUOTED FIXED INCOME SECURITIES DENOMINATED IN SGD**

4.70% HSBC Holdings Plc 08/06/2022 BAA3	250,000	813,284	775,231	25.10
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4.75% Golden Assets International Investment Pte Ltd 25/01/2021 NR- IG	250,000	748,244	758,031	24.54
		1,561,528	1,533,262	49.64

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL") (CONTINUED)

Financial assets at FVTPL as at 31 December 2019 are as follows (continued):

				Fair value as at 31/12/2019 expressed as a percentage of value of the Fund %
Name of Counter	Nominal value	Cost RM	Fair value as at 31/12/2019 RM	
UNQUOTED FIXED INCOME SECURITIES - FOREIGN (CONTINUED)				
UNQUOTED FIXED INCOME SECURITIES DENOMINATED IN USD				
3.38% Commonwealth Bank of Australia 20/10/2021 BAA1	200,000	852,026	833,754	26.99
TOTAL UNQUOTED FIXED INCOME SECURITIES - FOREIGN		2,413,554	2,367,016	76.63
TOTAL UNQUOTED FIXED INCOME SECURITIES		2,956,939	2,851,531	92.32
ACCUMULATED UNREALISED LOSS		(105,408)		
TOTAL FINANCIAL ASSETS AT FVTPL		2,851,531		

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

5 CASH AND CASH EQUIVALENTS

	<u>2020</u> RM	<u>2019</u> RM
Deposits with licensed financial institutions	-	216,416
Bank balance	67,022	36,325
	<u>67,022</u>	<u>252,741</u>

Deposits with licensed financial institutions include interest receivable of RM Nil (2019: RM18).

	<u>2020</u>	<u>2019</u>
Weighted average rate of return:		
USD	-	-
RM	-	3.00%
Average days to maturity:		
USD	-	-
RM	-	2 days

6 OTHER PAYABLES AND ACCRUALS

	<u>2020</u> RM	<u>2019</u> RM
Audit fee payable	7,150	7,150
Tax agent's fee payable	3,200	3,200
Other payables and accruals	1,034	1,034
	<u>11,384</u>	<u>11,384</u>

7 UNITS IN CIRCULATION

	<u>2020</u> Units	<u>2019</u> Units
At the beginning of the financial year	3,098,717	6,206,794
Creation of units during the financial year		
Arising from distribution during the financial year	43,530	168,166
Cancellation of units during the financial year	-	(3,276,243)
At the end of the financial year	<u>3,142,247</u>	<u>3,098,717</u>

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

8 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 1.50% per annum of the net asset value of the Fund, calculated on a daily basis.

The management fee provided in the financial statements is 1.25% (2019: 1.25%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

There will be no further liability to the Manager in respect of the management fee other than the amounts recognised above.

9 TRUSTEE'S FEE

In accordance with the Deed, the Trustee is entitled to a trustee fee at a rate not exceeding 0.05% per annum of the net asset value of the Fund, subject to a minimum of RM12,000 per annum calculated on a daily basis.

The Trustee's fee provided in the financial statements is 0.05% (2019: 0.05%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

There will be no further liability to the Trustee in respect of the Trustee's fee other than the amounts recognised above.

10 TAXATION

(a) Tax charge for the financial year

	<u>2020</u>	<u>2019</u>
	RM	RM
Current taxation	<u>-</u>	<u>-</u>

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

10 TAXATION (CONTINUED)

(b) Numerical reconciliation of income tax expense

The numerical reconciliation between (loss)/profit before taxation multiplied by the Malaysian statutory income tax rate and the tax expense of the Fund is as follows:

	<u>2020</u> RM	<u>2019</u> RM
(Loss)/profit before taxation	(23,368)	208,671
Tax calculated at a tax rate of 24% (2019: 24%)	(5,608)	50,081
Tax effects of:		
Income not subject to tax	(9,610)	(74,292)
Expenses not deductible for tax purposes	4,126	4,649
Restriction on tax deductible expenses for unit trust funds	(11,092)	19,562
Tax expense	-	-

11 DISTRIBUTIONS

	<u>2020</u> RM	<u>2019</u> RM
Distribution to unitholders are from the following sources:		
Interest income from unquoted fixed income securities at FVTPL	112,585	234,278
Interest income from deposits with licensed financial institutions at amortised cost	5,425	10,386
Realised gain on sale of investments	(21,430)	18,756
Prior year' realised income	-	8,422
Gross realised income	96,580	271,842
Less: Expenses	(52,996)	(100,882)
Gross distribution amount	43,584	170,960
Less: Taxation	-	-
Net distribution amount	43,584	170,960

OPUS GLOBAL INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)****11 DISTRIBUTIONS (CONTINUED)**

	Entitlement date	Payment date	Gross distribution per unit (sen)	Net distribution per unit (sen)
<u>2020</u>				
	25-Mar-2020	26-Mar-2020	0.50	0.50
	24-Jun-2020	25-Jun-2020	0.40	0.40
	28-Sep-2020	29-Sep-2020	0.50	0.50
			<u>1.40</u>	<u>1.40</u>
<u>2019</u>				
	25-Sep-2019	26-Sep-2019	2.10	2.10
	23-Dec-2019	24-Dec-2019	1.40	1.40
			<u>3.50</u>	<u>3.50</u>

Gross distribution is derived using total income less total expenses.

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

The Fund incurred unrealised loss of RM15,657 during the financial year.

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

12 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2020</u> %	<u>2019</u> %
MER	<u>2.03</u>	<u>1.71</u>

Management expense ratio includes management fee, trustee’s fee, audit fee, tax agent’s fee and other administrative expenses which is calculated as follows:

$$\text{MER} = \frac{(A + B + C + D + E)}{F} \times 100$$

A = Management fee

B = Trustee’s fee

C = Audit fee

D = Tax agent’s fee

E = Other expenses

F = Average net asset value of the Fund for the financial year, calculated on a daily basis

The average net asset value of the Fund for the financial year, calculated on a daily basis is RM3,125,202 (2019: RM5,908,824).

13 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2020</u>	<u>2019</u>
PTR (times)	<u>0.56</u>	<u>0.70</u>

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial year} + \text{total disposal for the financial year}) \div 2}{\text{Average net asset value of the Fund for the financial year calculated on a daily basis}}$$

where:

Total acquisition for the financial year = RM1,843,420 (2019: RM3,285,101).

Total disposals for the financial year = RM1,644,304 (2019: RM4,997,325).

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

14 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

The related party and their relationship with the Fund are as follows:

<u>Related party</u>	<u>Relationship</u>
Opus Asset Management Sdn Bhd	The Manager

Other than the related party disclosures mentioned elsewhere in the financial statements, there are no other significant related party transactions during the year or balances as at the end of the financial year.

15 TRANSACTIONS WITH BROKERS

Details of transactions by the Fund for the financial year ended 31 December 2020 are as follows:

<u>Broker/financial institution</u>	<u>Value of trades[^]</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
Maybank Islamic Berhad *	1,036,417	29.72	-	-
Mitsubishi UFJ Trust International Limited - EUROCLEAR	870,637	24.96	-	-
HL Bank Singapore Branch - CLEARSTREAM	773,667	22.18	-	-
RHB Investment Bank Berhad	557,003	15.97	-	-
Hong Leong Investment Bank Berhad	250,000	7.17	-	-
	<u>3,487,724</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

[^] Includes purchase price plus accrued interest at acquisition.

* Included in transactions with brokers and dealers are cross trades conducted between

OPUS GLOBAL INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020 (CONTINUED)

15 TRANSACTIONS WITH BROKERS (CONTINUED)

Details of transactions by the Fund for the financial year ended 31 December 2019 are as

<u>Broker/financial institution</u>	<u>Value of trades[^]</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
Mitsubishi UFJ Trust International Limited - Euroclear	3,183,878	38.44	-	-
HL Bank Singapore Branch - Clearstream	1,834,401	22.15	-	-
Deutsche Bank (Malaysia) Berhad *	1,130,367	13.65	-	-
Malayan Banking Berhad - Euroclear	849,868	10.26	-	-
CIMB Commerce Trustee Berhad *	783,912	9.46	-	-
Malayan Banking Berhad	500,000	6.04	-	-
	<u>8,282,426</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

[^] Includes purchase price plus accrued interest at acquisition.

* Included in transactions with brokers and dealers are cross trades conducted between portfolios managed by the Manager.

16 SIGNIFICANT EVENT DURING THE YEAR

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, has resulted in the deterioration of the Fund's net asset value per unit as of the date of this

The Manager is monitoring the situation closely and will be actively managing the portfolio to achieve the Fund's objective.

OPUS GLOBAL INCOME FUND

CORPORATE INFORMATION

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