



# **OPUS SHARIAH INCOME PLUS FUND**

## **ANNUAL REPORT**

**FOR THE FINANCIAL PERIOD ENDED FROM  
7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020**

**Opus Asset Management Sdn. Bhd.**

## OPUS SHARIAH INCOME PLUS FUND

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## OPUS SHARIAH INCOME PLUS FUND

### FUND INFORMATION

Fund name	Opus Shariah Income Plus Fund
Type (Category)	Income (Bond)
Fund's Launch Date	7 November 2019
Investment Objective	<p>The Fund seeks to achieve higher returns than Maybank 12-month Islamic fixed deposit rate over the medium to long term, while preserving capital* and providing an opportunity for income.</p> <p><i>* Opus Shariah Income Plus Fund is neither a capital guaranteed fund nor a capital protected fund.</i></p>
Benchmark	Maybank 12-month Islamic fixed deposit rate.
Distribution Policy	The Fund intends to distribute income, if any, at least once a year.

Breakdown of unit holdings by size:

Size of holdings (units)	No. of unit holders	Percentage of Unitholders	No. of units held	Percentage of units held
0-5,000	157	72.69	234,826	3.42
5,001-10,000	27	12.50	188,808	2.75
10,001-50,000	27	12.50	524,231	7.64
50,001-500,000	3	1.39	233,646	3.40
500,001 and above	2	0.92	5,682,790	82.79
<b>Total</b>	<b>216</b>	<b>100.00</b>	<b>6,864,302</b>	<b>100.00</b>

## OPUS SHARIAH INCOME PLUS FUND

### FUND PERFORMANCE DATA

#### Fund Performance Data

	<b>As at 30-Jun-20 % of NAV</b>
Portfolio Composition:	
Unquoted sukuk	83.17
Cash and cash equivalents	16.83
<b>Total</b>	<b>100.00</b>
Total Net Asset Value (NAV) (RM)	7,018,702
Units in circulation (million)	6,864,302
NAV per unit (RM)	1.0225
	<b>07.11.2019 to 30.06.2020</b>
Highest NAV per unit *	1.0378
Lowest NAV per unit *	0.9893
Return of the Fund (%)	3.35
- Capital growth (%)	2.25
- Income return (%)	1.08
Gross distribution per Unit (sen)	1.10
Net distribution per Unit (sen)	1.10
Management Expense Ratio (%)	0.57
Portfolio Turnover Ratio (times)	1.06

*\*ex-distribution*

#### **Basis of calculation and assumption made in calculating the returns:**

Capital return = (End NAV per Unit / Beginning NAV per unit) - 1

Income return = Income distribution per Unit / NAV per Unit ex-date

Total return = (1 + Capital return) x (1 + Income return) - 1

## OPUS SHARIAH INCOME PLUS FUND

### FUND PERFORMANCE DATA (continued)

#### Performance of the Fund as at 30 June 2020

	Since Inception Date @ <u>21.11.2019 to 30.06.2020</u>
Opus Shariah Income Plus Fund (Opus SIPF) *	3.35%
Benchmark #	1.61%
Out/(under)-performed	1.74%

#### Annual Total Return as at 30 June 2020

	Since Inception Date @ <u>21.11.2019 to 30.06.2020</u>
Opus Shariah Income Plus Fund (Opus SIPF) *	3.35%
Benchmark #	1.61%
Out/(under)-performed	1.74%

#### Average Total Return as at 30 June 2020

	Since Inception Date @ <u>21.11.2019 to 30.06.2020</u>
Opus Shariah Income Plus Fund (Opus SIPF) *	3.35%
Benchmark #	1.61%
Out/(under)-performed	1.74%

Note:       \* Source: Bloomberg, Opus Asset Management Sdn Bhd  
              # Source: Malayan Banking Berhad  
              @ The Fund's inception date was 21 November 2019 (i.e. after the end of Fund's initial offer period).

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

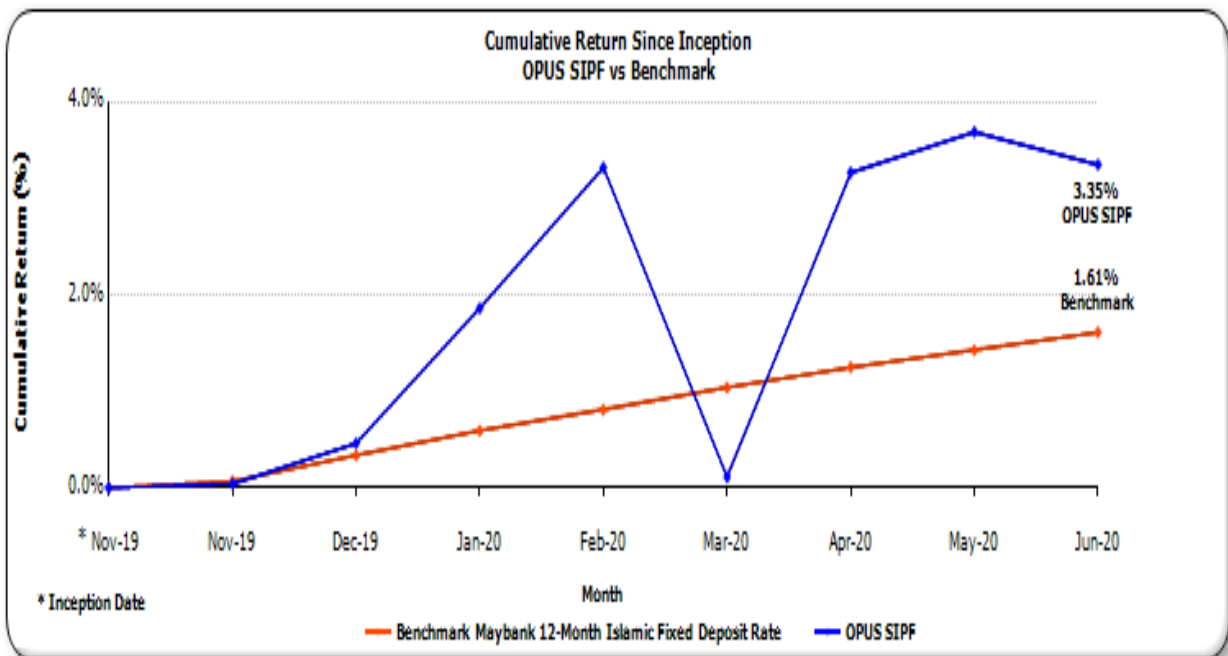
# OPUS SHARIAH INCOME PLUS FUND

## MANAGER'S REPORT

### Performance Review

As at 30 June 2020, the Fund was 83.17% invested while 16.83% was held in cash and other net assets. The Fund's return since its inception date (21 November 2019) was 3.35% compared to the benchmark of 1.61%, which is the accreted value of Maybank 12-Month Islamic Fixed Deposit Rate since the Fund's inception date. Hence, the Fund outperformed the benchmark by 1.74%.

Besides, the Fund has declared a total distribution of RM0.011 since its inception. We believe the Fund has achieved its objective of providing investors with a higher return than Maybank 12-month Islamic fixed deposit rate, while preserving capital and providing an opportunity for income.



### Market Review

The Covid-19 pandemic has left a deep economic scar to the global economy as governments imposed nationwide lockdowns over most of the second quarter to limit the spread of the virus. As such, growth is set to be at its point of maximum weakness in 2Q20 and despite the gradual reopening of most economies now, the ensuing recovery is expected to be challenging and volatile. To date, the coronavirus pandemic has infected more than 11 million people with over 500,000 deaths spanning across the globe.

## **OPUS SHARIAH INCOME PLUS FUND**

### **MANAGER'S REPORT (continued)**

#### **Market Review (continued)**

Since the pandemic erupted, global growth has been negatively affected beyond anything ever experienced in nearly a century. Growth estimates published by multiple international organizations such as the International Monetary Fund (IMF), World Bank and Organization for Economic Co-operation and Development (OECD) have been consistently revised lower in the past several months. Additionally, unemployment rates have surged beyond levels last seen in the Global Financial Crisis in 2009 which could lead to a prolonged recession. While GDP growth for 1Q20 was worse than expected (US: -5%; Eurozone: -3.6%; China: -6.8%), high-frequency indicators are painting a more severe contraction in 2Q20. For instance, the industrial production remained in a deep contraction in May while the Purchasing Managers' Index (PMI) and consumer confidence of many countries plunged in April. That said, the PMI and consumer confidence have since shown some improvements but still stayed below its pre-pandemic levels. The US Treasury yields remained near its all-time low at around 0.70% as bond investors have yet to be convinced of a strong economic recovery in the horizon despite a strong rally in the equities market in 2Q20 (S&P500: +23%; Nasdaq: +36%).

Despite recent signs of an economic recovery, the global economy is still faced with several material risks which include a second wave of infections, slower-than-expected recovery and a resurgence of US-China trade tensions. To mitigate the economic fallout, more than two-thirds of governments around the world have scaled up their fiscal stimulus totalling to an unprecedented amount of USD11 trillion. Government support has been wide-ranging from additional spending and forgone revenue to liquidity support measures aimed at limiting bankruptcies and maintaining cash flows.

On the other hand, sizeable support from central banks has also been forthcoming, led by steep interest rate cuts in 1H20, which is now near-zero for most developed economies. Additionally, central banks have also introduced massive bond-buying programs to provide additional liquidity support to their respective economies. In some cases, the US Federal Reserve has even expanded its bond-buying program to include corporate bonds as part of its continuous effort to support market functioning and ease credit conditions.

## **OPUS SHARIAH INCOME PLUS FUND**

### **MANAGER'S REPORT (continued)**

#### **Market Review (continued)**

In Malaysia, economic indicators continue to paint a bleak picture for 2Q20 amid the Control Movement Order (MCO), which was effective from March until May. As most businesses were closed, the unemployment rate spiked to 5% in April, which is the highest since 1990. Since then, businesses have been gradually restarting their operations after the government started lifting their strict lockdown. At the same time, the government also unveiled the 4th round of stimulus measures, which amounts to RM35 billion, to further dampen the devastating effect of the pandemic. To date, Malaysia's fiscal stimulus stands at RM295 billion (19.5% of GDP), out of which RM45 billion will be direct fiscal injections, which is expected to increase Malaysia's fiscal deficit to around 6%. Given the additional downside pressure to the government's fiscal metrics and as the pandemic continues to take its toll on the Malaysian economy, Fitch and S&P Global have downgraded Malaysia's rating outlook from stable to negative. However, we believe that with the current unprecedented crisis, the government's stimulus package is necessary and appropriate to ensure the sustainability of businesses and a faster recovery post-pandemic.

On the monetary policy front, Bank Negara Malaysia (BNM) has cut the Overnight Policy Rate (OPR) by 125bps year-to-date July to a record low of 1.75% on the back of weak global economic conditions and bleak domestic outlook. Hence, the MGS yield curve steepened further in 2Q20 with the shorter-end yields falling between 55-70bps while the longer-end yields fell 10-50bps. Meanwhile, foreign flow in the local bond market appeared to be stabilizing in May with RM1.5 billion of inflows amid a noticeably improved global risk sentiment after three straight months of outflow that totalled RM22.4 billion.

#### **Market Outlook**

We expect global growth to record a sharp slowdown in 2020 as the economic recovery is expected to only pick up pace in 2021. That said, the recovery may be derailed by material risks such as a second wave of infections, slower-than-expected recovery and a resurgence of US-China trade tensions. As such, we maintain our view that fixed income securities/sukuk will be well supported.

We also continue to anticipate governments and central banks around the world to remain supportive of their economies with further stimulus packages and rate cuts expected. Meanwhile, we also expect major global central banks to continue to provide liquidity to the financial market indefinitely via quantitative easing measures until clear signs of recovery emerges.



## **OPUS SHARIAH INCOME PLUS FUND**

### **MANAGER'S REPORT (continued)**

#### **Market Outlook (continued)**

In Malaysia, we expect economic growth for 2020 to slow to near zero (2019: 4.3%) with further downside risk. Hence, we are anticipating a possible 25bps cut in the OPR for the remaining months of 2H20. Overall, we continue to see good support for the local bond/sukuk market going forward despite bouts of volatility in the short-term.

#### **Strategy employed**

With the economy going into recession, the expectation of low interest rates and further rate cuts will continue to spur demand for safe haven assets such as government bonds/sukuk. There may be still some volatility mainly from foreign selling due to risks such as volatile oil prices, sovereign rating pressure and political uncertainties. However, we expect the bond/sukuk market to eventually reflect the economic fundamentals of lower growth and lower inflation. Hence, we see any foreign selling as an opportunity to buy at higher yields. As such, we will continue with our strategy of increasing allocation to government and government guaranteed (GG) sukuk with allocation of 25% - 35%. Apart from that, we want to keep our portfolio liquid with higher allocation in government, GG, AAA sukuk and cash. We look to lengthen duration to 5.5 – 6.0 years as we expect low interest rates to stay lower for longer and for inflation to remain low.

## OPUS SHARIAH INCOME PLUS FUND

### MANAGER'S REPORT (continued)

#### Soft Commissions and Rebates

No soft commissions or rebates were received from any broker for the period under review.

#### Cross Trade

Cross trade transactions have been carried out during the reported period and the Investment Committee of the Fund has reviewed that such transactions were in the best interest of the Fund, transacted in the normal course of business at agreed terms and on a fair value basis.

#### State Affairs of the Fund

There is neither any significant change to the state affairs of the Fund nor any circumstances that materially affect any interests of the unit holders during the period under review.

#### Asset Allocation

	<b>30-Jun-20</b> <b>% of NAV</b>
Unquoted sukuk - local	83.17
Cash and cash equivalents	16.83
<b>Total</b>	<b>100.00</b>

#### Income Distribution / Unit Split

The Fund has distributed a total gross distribution of RM0.011 per unit to the unitholders for the period under review.

Ex date	NAV per unit before distribution (RM)	Gross distribution per unit (Sen)	Net distribution per unit (Sen)	NAV per unit after distribution (RM)
23-Jun-20	1.0328	1.10	1.10	1.022

No unit splits were declared for the financial period from 7 November 2019 (date of launch) to 30 June 2020.

## **OPUS SHARIAH INCOME PLUS FUND**

### **STATEMENT BY MANAGER**

We, SIAW WEI TANG and CHAN CHOONG KONG, being 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 16 to 49 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 30 June 2020 and of its financial performance and cash flows for the financial period from 7 November 2019 (date of launch) to 30 June 2020 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  
18 August 2020

## **OPUS SHARIAH INCOME PLUS FUND**

### **TRUSTEE'S REPORT**

For the financial period from 7 November 2019 (date of launch) to 30 June 2020

**To the unitholders of OPUS SHARIAH INCOME PLUS FUND**

We have acted as Trustee for OPUS SHARIAH INCOME PLUS FUND (“the Fund”) for the financial period from 7 November 2019 (date of launch) to 30 June 2020. To the best of our knowledge, OPUS ASSET MANAGEMENT SDN BHD (“the Manager”) has managed the Fund in the financial period under review in accordance with the following:

1. Limitations imposed on the investment powers of the Manager under the Deed, securities laws and the Securities Commission Malaysia's Guidelines on Unit Trust Funds and other applicable laws;
2. Valuation and pricing of the Fund are carried out in accordance with the Deed and any applicable regulatory requirements;
3. Creation and cancellation of units are carried out in accordance with the Deed and any applicable regulatory requirement; and

We are of the view that the distribution made during the financial period by the Manager is consistent with the investment objective and distribution policy of the Fund.

**For SCBMB Trustee Berhad**  
(Company No. : 1005793-T)

**Prasad Vijayasundaram**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
18 August 2020

## **INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF OPUS SHARIAH INCOME PLUS FUND**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### Our opinion

In our opinion, the financial statements of Opus Shariah Income Plus Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 30 June 2020, and of its financial performance and its cash flows for the financial period from 7 November 2019 (date of launch) to 30 June 2020 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 30 June 2020, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial period from 7 November 2019 (date of launch) to 30 June 2020, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 49.

#### 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’ 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.

*PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants,  
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**INDEPENDENT AUDITORS' REPORT  
TO THE UNITHOLDERS OF OPUS SHARIAH INCOME PLUS 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 UNITHOLDERS OF OPUS SHARIAH INCOME PLUS 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
- (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.

**INDEPENDENT AUDITORS' REPORT  
TO THE UNITHOLDERS OF OPUS SHARIAH INCOME PLUS FUND (CONTINUED)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

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 unitholders 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

18 August 2020



## **SHARIAH ADVISER'S ANNUAL REPORT**

### **TO THE UNITHOLDERS OF OPUS SHARIAH INCOME PLUS FUND**

We have acted as the Shariah Adviser of OPUS SHARIAH INCOME PLUS FUND. Our responsibility is to ensure that the procedures and processes employed by OPUS ASSET MANAGEMENT SDN. BHD. are in accordance with Shariah principles.

In our opinion, OPUS ASSET MANAGEMENT SDN. BHD. has managed and administered OPUS SHARIAH INCOME PLUS FUND in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the financial period ended from 7 November 2019 to 30 June 2020.

In addition, we also confirm that the investment portfolio of OPUS SHARIAH INCOME PLUS FUND comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission. As for the securities which are not certified by the Shariah Advisory Council of the Securities Commission, we have reviewed the said securities and opine that these securities are designated as Shariah-compliant.

For and on behalf of the Shariah Adviser  
**TAWAFUQ CONSULTANCY SDN BHD**

**MUHAMMAD AIMAN MOHAMAD SALMI**  
Director/ Principal Consultant

**Kuala Lumpur**  
Date: 18 August 2020

## OPUS SHARIAH INCOME PLUS FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	<u>Note</u>	<u>2020</u> RM
<b>ASSETS</b>		
Cash and cash equivalents	5	619,859
Financial assets at fair value through profit or loss ("FVTPL")	4	5,837,463
Amount due from dealer		555,490
Amount due from Manager		10,956
<b>TOTAL ASSETS</b>		<b><u>7,023,768</u></b>
<b>LIABILITIES</b>		
Amount due to Manager		4,921
Amount due to Trustee		145
<b>TOTAL LIABILITIES</b>		<b><u>5,066</u></b>
<b>NET ASSET VALUE</b>		<b><u>7,018,702</u></b>
<b>UNITHOLDERS' FUND</b>		
Unitholder's capital		6,889,716
Retained earnings		128,986
<b>NET ASSET ATTRIBUTABLE TO UNITHOLDERS</b>		<b><u>7,018,702</u></b>
<b>UNITS IN CIRCULATION</b>	6	<b><u>6,864,302</u></b>
<b>NET ASSET VALUE PER UNIT</b>		<b><u>1.0225</u></b>

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

## OPUS SHARIAH INCOME PLUS FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020

		<b>Financial period from 07.11.2019 (date of launch) to <u>30.06.2020</u></b>
	<u>Note</u>	<b>RM</b>
<b>INVESTMENT INCOME</b>		
Profit income from unquoted sukuk at fair value through profit or loss		150,394
Profit income from Islamic deposits with licensed financial institutions at amortised cost		15,041
Net gain on financial assets at FVTPL	4	74,053
		<u>239,488</u>
<b>EXPENSES</b>		
Management fee	7	(34,285)
Trustee's fee	8	(1,008)
Other expenses		(170)
		<u>(35,463)</u>
<b>PROFIT BEFORE TAXATION</b>		<b>204,025</b>
<b>TAXATION</b>	10	-
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<b><u>204,025</u></b>
Profit after taxation is made up of the following:		
Realised amount		175,247
Unrealised amount		28,778
		<u>204,025</u>

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

## OPUS SHARIAH INCOME PLUS FUND

### STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020

	<u>Note</u>	<u>Unitholders' capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM
Balance as at 07 November 2019 (date of launch)		-	-	-
Movement in net asset value:				
Creation of units from applications		8,763,998	-	8,763,998
Creation of units from distributions		74,565	-	74,565
Cancellation of units		(1,948,847)	-	(1,948,847)
Total comprehensive income for the financial period		-	204,025	204,025
Distribution	11	-	(75,039)	(75,039)
Balance as at 30 June 2020		<u>6,889,716</u>	<u>128,986</u>	<u>7,018,702</u>

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

## OPUS SHARIAH INCOME PLUS FUND

### STATEMENT OF CASH FLOWS

#### FOR THE FINANCIAL PERIOD

FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020

**Financial period  
from 07.11.2019  
(date of launch) to  
30.06.2020  
RM**

#### CASH FLOWS FROM OPERATING ACTIVITIES

Proceeds from sale of investments	3,189,331
Purchase of investments	(9,511,364)
Profit income received from unquoted sukuk	153,527
Profit income received from Islamic deposits with licensed financial institutions	15,041
Management fee paid	(29,364)
Trustee's fee paid	(863)
Payment for other fees and expenses	(170)
<b>Net cash used in operating activities</b>	<b><u>(6,183,862)</u></b>

#### CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from creation of units	8,753,042
Payments for cancellation of units	(1,948,847)
Payment for distribution	(474)
<b>Net cash generated from financing activities</b>	<b><u>6,803,721</u></b>

**Net increase in cash and cash equivalents** 619,859

**Cash and cash equivalents as at the date of launch** -

**Cash and cash equivalents at the end of the financial period** **619,859**

Cash and cash equivalents comprise:

Islamic deposit with a licensed financial institution	587,462
Bank balance	32,397
	<b><u>619,859</u></b>

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

## **OPUS SHARIAH INCOME PLUS FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020**

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 L.

- (a) Amendments and interpretations which are relevant to the Fund but not yet effective and have not been early adopted are as follows:

#### Financial year beginning on/after 1 July 2020

- The Conceptual Framework for Financial Reporting (“Framework”) (effective 1 January 2020)

The Framework was revised with the primary purpose to assist the International Accounting Standards Board (“IASB”) to develop IFRS that are based on consistent concepts and enable preparers to develop consistent accounting policies where an issue is not addressed by an IFRS.

## OPUS SHARIAH INCOME PLUS FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)

#### A Basis of preparation of the financial statements (continued)

- (a) Amendments and interpretations which are relevant to the Fund but not yet effective and have not been early adopted are as follows (continued):

##### Financial year beginning on/after 1 July 2020 (continued)

- The Conceptual Framework for Financial Reporting (“Framework”) (effective 1 January 2020) (continued)

##### Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 July 2020.

## **OPUS SHARIAH INCOME PLUS FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)**

#### **B Income recognition**

Profit income from Islamic deposits with a licensed financial institution and unquoted sukuk are recognised based on effective profit rate method on an accrual basis.

Profit income is calculated by applying the effective profit 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 profit 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 sukuk is measured by the difference between the net disposal proceeds and the carrying amounts of investment, determined on 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 and includes all taxes 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, which is the Fund's presentation and functional currency.



## **OPUS SHARIAH INCOME PLUS FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)**

#### **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 profit. 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, amount due from dealer and amount due from Manager as financial assets measured at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

##### 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 year in which they arise.

## **OPUS SHARIAH INCOME PLUS FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)**

#### **F Financial assets (continued)**

##### Recognition and measurement (continued)

Unquoted sukuk 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 Unit Trust Funds. Refer to Note L for further explanation.

Islamic deposits with a licensed financial institution is stated at cost plus accrued profit calculated on the effective profit 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 asset at amortised cost are subsequently carried at amortised cost using the effective profit method.

##### Impairment of financial assets

The Fund measures credit risk and expected credit losses using probability of default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management consider 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.

## **OPUS SHARIAH INCOME PLUS FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)**

#### **F Financial assets (continued)**

##### 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 period.

#### **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 classified amount due to Manager and amount due to Trustee as financial liabilities measured at amortised cost.

A financial liability is de-recognised when it is extinguished, i.e. when the obligation 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 Islamic 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 Amount due from/to dealer**

Amounts due from and to dealer represent receivables for unquoted sukuk sold and payables for unquoted sukuk purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

## **OPUS SHARIAH INCOME PLUS FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)**

#### **I Amount due from/to dealer (continued)**

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from the dealer at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses.

Significant financial difficulties of the dealer, probability that the dealer will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that a loss allowance may be required.

If credit risk increases to the point that it is considered to be credit impaired, profit income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due.

#### **J 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 SHARIAH INCOME PLUS FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)**

#### **K 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.

#### **L 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

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 sukuk

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 Unit Trust Funds.

Ringgit-denominated unquoted sukuk 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 sukuk differs from the market price by more than 20 bps, the Manager may use market price, provided that the

- (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.

## **OPUS SHARIAH INCOME PLUS FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020**

#### **1 INFORMATION ON THE FUND**

Opus Shariah Income Plus Fund (hereinafter referred to as ‘the Fund’) was constituted pursuant to the execution of a deed dated 9 August 2019 between Opus Asset Management Sdn. Bhd. as the Manager and SCBMB Trustee Berhad as the Trustee. The Fund was launched on 7 November 2019 and will continue to be in operation until determined otherwise by the Manager or the Trustee as provided under the Deed.

The principal place 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 Islamic fixed deposit rate over the medium to long term, while preserving capital and providing an opportunity for income.

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 18 August 2020.

#### **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 and interest rate risk), credit risk, liquidity risk, non-compliance risk, Shariah specific 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 Prospectus.

## OPUS SHARIAH INCOME PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)

#### 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial instruments of the Fund are as follows:

	<b>Financial assets at fair value through profit or loss RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Total RM</b>
<b><u>30.06.2020</u></b>			
Unquoted sukuk	5,837,463	-	5,837,463
Cash and cash equivalents	-	619,859	619,859
Amount due from dealer	-	555,490	555,490
Amount due from Manager	-	10,956	10,956
	<u>5,837,463</u>	<u>1,186,305</u>	<u>7,023,768</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:

	<b><u>2020</u></b>
	<b>RM</b>
Financial assets at fair value through profit or loss*	<u>5,837,463</u>
* Includes profit receivable of RM42,118.	

## OPUS SHARIAH INCOME PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 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.

	<u>Change in price of investments</u> %	<u>Market value</u> RM	<u>Impact on profit after tax and net asset value</u> RM
<b><u>30.06.2020</u></b>			
	-5	5,505,578	(289,767)
	0	5,795,345	-
	5	6,085,112	289,767

##### Interest rate risk

In general, when interest rates rise, unquoted sukuk 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 an unquoted sukuk 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 sukuk with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Investors should note that unquoted sukuk (such as the bonds held by the Fund) and money market instruments are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.



## OPUS SHARIAH INCOME PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 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 sukuk 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>	<b>Impact on profit after tax/ net asset value</b>
	<b><u>2020</u> RM</b>
+1%	(11,685)
-1%	<u>11,979</u>

##### Credit risk

This refers to the likelihood that the company issuing the bonds and/or financial institutions 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 Unit Trust Funds.

## OPUS SHARIAH INCOME PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)

#### 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Credit risk (continued)

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

	<u>Unquoted sukuk</u> RM	<u>Cash and cash equivalents</u> RM	<u>Amount due from dealer</u> RM	<u>Amount due from Manager</u> RM	<u>Total</u> RM
<b><u>2020</u></b>					
- AAA	1,802,908	619,859	-	-	2,422,767
- AA1	545,382	-	-	-	545,382
- AA3	1,333,869	-	-	-	1,333,869
- AA-	783,209	-	-	-	783,209
- NR (G)*	1,113,735	-	-	-	1,113,735
- NR (GG)**	258,360	-	-	-	258,360
- NR***	-	-	555,490	10,956	566,446
	<u>5,837,463</u>	<u>619,859</u>	<u>555,490</u>	<u>10,956</u>	<u>7,023,768</u>

\* Not-rated (Government)

\*\* Not rated (Government guaranteed)

\*\*\* Not rated

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

## OPUS SHARIAH INCOME PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)

#### 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### 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. Unit trust fund 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.

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

	<b>Less than 1 month RM</b>	<b>Between 1 month to 1 year RM</b>	<b>Total RM</b>
<b><u>2020</u></b>			
Amount due to Manager	4,921	-	4,921
Amount due to Trustee	145	-	145
	<u>5,066</u>	<u>-</u>	<u>5,066</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.

## **OPUS SHARIAH INCOME PLUS FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)**

#### **2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

##### Shariah specific risk

The risk that the investments do not conform to the principle of Shariah may result in those investments being not Shariah compliant. Should the situation arise, necessary steps shall be taken to dispose of such investments in accordance with the rules of divestment of non Shariah-compliant investments. If this occurs, the Fund could suffer losses from the disposal and thus, adversely affecting the value of the Fund.

##### 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.

#### **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.

## OPUS SHARIAH INCOME PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

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 year. 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, Islamic 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.

#### 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).

## OPUS SHARIAH INCOME PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

##### Fair value hierarchy (continued)

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 RM	Level 2 RM	Level 3 RM	Total RM
<b><u>30.06.2020</u></b>				
Financial assets at fair value through profit or loss:				
- Unquoted sukuk	-	5,837,463	-	5,837,463

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 sukuk. 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.

**OPUS SHARIAH INCOME PLUS FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH)  
TO 30 JUNE 2020 (CONTINUED)**

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

	<b><u>2020</u></b>
	<b>RM</b>
Financial assets at FVTPL:	
- Unquoted sukuk	5,837,463

	<b><u>2020</u></b>
	<b>RM</b>
Net gain on financial assets at fair value through profit or loss comprised:	
- net realised gain on sale of financial assets at FVTPL	45,275
- net unrealised gain on changes in fair value	28,778
	<u>74,053</u>

Financial assets at FVTPL as at 30 June 2020 are as follows:

Name of Counter	Nominal value	Cost RM	Fair value as at 30.06.2020 RM	Fair value as at 30.06.2020 expressed as a percentage of value of the Fund %
<b>UNQUOTED SUKUK</b>				
<b>CORPORATE BONDS</b>				
<b>BANKS</b>				
4.88% AmBank Islamic B3 T2 18.10.23 AA3	250,000	261,625	265,090	3.78
4.71% Maybank B3 T2 31.01.26 AA1	500,000	531,857	545,382	7.77
		<u>793,482</u>	<u>810,472</u>	<u>11.55</u>

## OPUS SHARIAH INCOME PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)

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

Financial assets at FVTPL as at 30 June 2020 are as follows: (continued)

Name of Counter	Nominal value	Cost RM	Fair value as at 30.06.2020 RM	Fair value as at 30.06.2020 expressed as a percentage of value of the Fund %
<b>UNQUOTED SUKUK (CONTINUED)</b>				
<b>CORPORATE BONDS (CONTINUED)</b>				
<b>FINANCE</b>				
3.85% AEON Credit Service (M) Berhad 10/02/2028 AA3	250,000	253,745	258,217	3.68
5.50% Al-Dzahab TR1 21.06.21 AAA	500,000	514,778	512,923	7.31
		<u>768,523</u>	<u>771,140</u>	<u>10.99</u>
<b>INFRASTRUCTURE</b>				
3.47% Danainfra Nasional Bhd 26.09.29 NR-GG	250,000	258,380	258,360	3.68



**OPUS SHARIAH INCOME PLUS FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH)  
TO 30 JUNE 2020 (CONTINUED)**

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

Financial assets at FVTPL as at 30 June 2020 are as follows: (continued)

Name of Counter	Nominal value	Cost RM	Fair value as at 30.06.2020 RM	Fair value as at 30.06.2020 expressed as a percentage of value of the Fund %
<b>UNQUOTED SUKUK (CONTINUED)</b>				
<b>CORPORATE BONDS (CONTINUED)</b>				
<b>INVESTMENT HOLDING</b>				
2.97% Danum Capital Berhad 13.05.25 AAA	250,000	250,997	250,160	3.56
3.42% Danum Capital Berhad 21.02.35 AAA	500,000	506,137	490,682	6.99
		757,134	740,842	10.55
<b>POWER</b>				
5.25% Malakoff Power Bhd 17.12.21 AA-	250,000	259,503	258,601	3.68

## OPUS SHARIAH INCOME PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)

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

Financial assets at FVTPL as at 30 June 2020 are as follows: (continued)

Name of Counter	Nominal value	Cost RM	Fair value as at 30.06.2020 RM	Fair value as at 30.06.2020 expressed as a percentage of value of the Fund %
<b>UNQUOTED SUKUK (CONTINUED)</b>				
<b>CORPORATE BONDS (CONTINUED)</b>				
<b>TELECOMMUNICATION</b>				
5.45% BGSM Management Sdn Bhd 28.06.24 AA3	750,000	798,899	810,561	11.55
4.65% Digi Telecommunications Sdn Bhd 14.04.27 AAA	500,000	535,768	549,144	7.83
		<u>1,334,667</u>	<u>1,359,705</u>	<u>19.38</u>
<b>TRANSPORT/PORT</b>				
4.30% Penang Port Sdn Bhd 24/12/2026 AA-	500,000	500,118	524,608	7.47
<b>TOTAL CORPORATE BONDS</b>		<u>4,671,807</u>	<u>4,723,728</u>	<u>67.30</u>

**OPUS SHARIAH INCOME PLUS FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH)  
TO 30 JUNE 2020 (CONTINUED)**

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

Financial assets at FVTPL as at 30 June 2020 are as follows: (continued)

Name of Counter	Nominal value	Cost RM	Fair value as at 30.06.2020 RM	Fair value as at 30.06.2020 expressed as a percentage of value of the Fund %
<b>UNQUOTED SUKUK (CONTINUED)</b>				
<b>MALAYSIAN GOVERNMENT SECURITIES</b>				
4.369% Government Of Malaysia 31/10/2028 NR-GOVT	500,000	550,930	556,680	7.93
4.467% Government Of Malaysia 15/09/2039 NR-GOVT	500,000	585,948	557,055	7.94
		<u>1,136,878</u>	<u>1,113,735</u>	<u>15.87</u>
<b>TOTAL MALAYSIAN GOVERNMENT SECURITIES</b>		<u>1,136,878</u>	<u>1,113,735</u>	<u>15.87</u>
<b>TOTAL UNQUOTED SUKUK</b>		5,808,685	<u>5,837,463</u>	<u>83.17</u>
<b>ACCUMULATED UNREALISED GAIN</b>		<u>28,778</u>		
<b>TOTAL FINANCIAL ASSETS AT FVTPL</b>		<u>5,837,463</u>		

## OPUS SHARIAH INCOME PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)

#### 5 CASH AND CASH EQUIVALENTS

	<u>2020</u> RM
Islamic deposit with a licensed financial institution	587,462
Bank balance	32,397
	<u>619,859</u>

Islamic deposit with a licensed financial institution include profit receivable of RM30.

	<u>2020</u>
Weighted average rate of return	<u>1.85%</u>
Average days to maturity	<u>1 day</u>

#### 6 UNITS IN CIRCULATION

	<b>Financial period from 07.11.2019 (date of launch) to <u>30.06.2020</u> Units</b>
At the date of launch (7 November 2019)	-
Creation of units during the financial period:	
Arising from distribution during the financial period	8,695,036
Arising from applications during the financial period	72,960
Cancellation of units during the financial period	(1,903,694)
At the end of the financial period	<u>6,864,302</u>

## **OPUS SHARIAH INCOME PLUS FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)**

#### **7 MANAGEMENT FEE**

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum of the net asset value of the Fund, calculated on a daily basis.

The management fee provided in the financial statements is 0.85% per annum based on the net asset value of the Fund, calculated on a daily basis for the financial period.

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

#### **8 TRUSTEE'S FEE**

In accordance with the Deed, the Trustee is entitled to a trustee fee at a rate not exceeding 0.20% 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 0.025% per annum based on the net asset value of the Fund, calculated on a daily basis for the financial period.

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

The trustee fee for the current financial period amounted to RM1,008. The remaining RM10,992 of the trustee fee is borne by the Manager.

#### **9 AUDIT FEE AND TAX AGENT'S FEE**

The auditors' remuneration and tax agent's fees of the Fund for the current financial period amounted to RM6,500 and RM3,200 respectively are borne by the Manager.

## OPUS SHARIAH INCOME PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)

#### 10 TAXATION

(a) Tax charge for the financial period

	<b>Financial period from 07.11.2019 (date of launch) to <u>30.06.2020</u> RM</b>
Current taxation	-

(b) Numerical reconciliation of income tax expense

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

	<b>Financial period from 07.11.2019 (date of launch) to <u>30.06.2020</u> RM</b>
Profit before taxation	204,025
Tax calculated at a tax rate of 24%	48,966
Tax effects of:	
- Investment income not subject to tax	(57,477)
- Expenses not deductible for tax purposes	283
- Restriction on tax deductible expenses	8,228
Tax expense	-

## OPUS SHARIAH INCOME PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)

#### 11 DISTRIBUTION

	<b>Financial period from 07.11.2019 (date of launch) to <u>30.06.2020</u> RM</b>
Distribution to unitholders are from the following sources:	
Profit income from unquoted sukuk at FVTPL	75,701
Profit income from Islamic deposits with licensed financial institutions at amortised cost	7,482
Realised gain on sale of investments	<u>22,789</u>
Gross realised income	105,972
Less: Expenses	<u>(30,933)</u>
Gross distribution amount	75,039
Less: Taxation	<u>-</u>
Net distribution amount	<u><u>75,039</u></u>

	Entitlement date	Payment date	Gross distribution per unit (sen)	Net distribution per unit (sen)
<b><u>2020</u></b>	23-Jun-2020	24-Jun-2020	1.10	1.10
			<u>1.10</u>	<u>1.10</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.

## OPUS SHARIAH INCOME PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)

#### 12 MANAGEMENT EXPENSE RATIO (“MER”)

	<b>Financial period from 07.11.2019 (date of launch) to <u>30.06.2020</u> %</b>
MER	<u><u>0.57</u></u>

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

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

A = Management fee

B = Trustee’s fee

C = Other expenses

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

The average net asset value of the Fund for the financial period, calculated on a daily basis is RM 6,238,036.



## OPUS SHARIAH INCOME PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)

#### 13 PORTFOLIO TURNOVER RATIO (“PTR”)

	<b>Financial period from 07.11.2019 (date of launch) to <u>30.06.2020</u></b>
PTR (times)	<u><u>1.06</u></u>

PTR is derived from the following calculation:

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

where:

Total acquisition for the financial period = RM9,511,364.

Total disposals for the financial period = RM3,744,820.

#### 14 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

<b><u>Related parties</u></b>	<b><u>Relationship</u></b>
Opus Asset Management Sdn Bhd	The Manager
Person connected with the Manager	Employees and related to the employees

The number of units held by the person connected with Manager is as follows:

	<b>Units</b>	<b><u>2020</u> RM</b>
Person connected with the Manager	<u>294,404</u>	<u>301,028</u>

The Manager is of the opinion that all transactions with the related companies have been entered into an agreed terms between the related parties.

In addition to the related party disclosure mentioned elsewhere in the financial statements, there were no other significant related party transactions and balances.

## OPUS SHARIAH INCOME PLUS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)

#### 15 TRANSACTIONS WITH BROKERS

Details of transactions by the Fund for the financial period from 7 November 2019 (date of launch) to 30 June 2020 are as follows:

<u>Financial institution</u>	<u>Value of trades<sup>^</sup></u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
RHB Investment Bank Berhad*	3,930,772	29.65	-	-
Hong Leong Bank Berhad	1,623,001	12.24	-	-
Standard Chartered Bank Malaysia Berhad	1,344,279	10.14	-	-
Malayan Banking Berhad	1,310,428	9.89	-	-
CIMB Islamic Bank Berhad	1,103,489	8.32	-	-
J.P. Morgan Chase Bank Berhad	1,060,852	8.00	-	-
Affin Hwang Investment Bank Berhad	1,056,643	7.97	-	-
Ambank Islamic Berhad	557,572	4.21	-	-
Alliance Bank Malaysia Berhad	519,148	3.92	-	-
CIMB Bank Berhad	500,000	3.77	-	-
Others	250,000	1.89	-	-
	<u>13,256,184</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

<sup>^</sup> Includes purchased accrued interest and accrued interest sold

\* Included cross trades between portfolios managed by the Manager, Opus Asset Management Sdn. Bhd.

## **OPUS SHARIAH INCOME PLUS FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 JUNE 2020 (CONTINUED)**

#### **16 COMPARATIVE**

There are no comparative as this is the Fund's first set of financial statements.

## **OPUS SHARIAH INCOME PLUS FUND**

### **CORPORATE INFORMATION**

#### **MANAGER**

**Opus Asset Management Sdn Bhd 199601042272 (414625-T)  
B-19-2, Northpoint Offices,  
Mid Valley City,  
No. 1, Medan Syed Putra Utara,  
59200 Kuala Lumpur  
Malaysia**

**Tel: 03-2288 8882**

**Fax: 03-2288 8889**

#### **TRUSTEE**

**SCBMB Trustee Berhad (Company No: 1005793-T)  
Level 23, Equatorial Plaza  
Jalan Sultan Ismail  
50250 Kuala Lumpur,  
Malaysia**

**Tel: 03-7682 9724**