



**MUAMALAT INVEST ISLAMIC EQUITY FUND**  
**(The “Fund”)**

**ANNUAL REPORT 2023**

**Incorporating the Audited  
Financial Statements**

**For the financial year ended 30 June 2023**

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**CORPORATE INFORMATION**

**MANAGER**

Muamalat Invest Sdn Bhd

**REGISTERED OFFICE**

30<sup>th</sup> Floor, Menara Bumiputra, No.21, Jalan Melaka, 50100 Kuala Lumpur

**BUSINESS OFFICE AND OFFICE OF THE REGISTRAR**

4<sup>th</sup> Floor, Menara Bumiputra, No.21, Jalan Melaka, 50100 Kuala Lumpur

Tel: 03 – 2615 8175 Fax: 03 – 2070 0157

Email: misb@muamalat.com.my

**BOARD OF DIRECTORS**

Md. Khairuddin bin Hj. Arshad (Chairman and Independent Non-Executive Director)

Roshidah binti Abdullah (Independent Non-Executive Director)

Khairul bin Kamarudin (Non-Independent Non-Executive Director)

Mohd Faruk bin Abdul Karim (Executive Director)

Dato' Adnan bin Alias (resigned w.e.f. 15 May 2023)

Fakihah binti Azahari (resigned w.e.f. 31 May 2023)

**SHARIAH ADVISER**

Bank Muamalat Malaysia Berhad

**COMPANY SECRETARY**

Julaida Binti Jufri (LS 0009358)

**TRUSTEE**

Maybank Trustees Berhad [196301000109 (5004-P)]

8th Floor, Menara Maybank

100 Jalan Tun Perak

50050 Kuala Lumpur

**PRINCIPAL BANKER**

Bank Muamalat Malaysia Berhad

**AUDITOR**

PricewaterhouseCoopers PLT

10<sup>th</sup> Floor, Menara TH 1 Sentral, Jalan Rakyat

KL Sentral, 50706 Kuala Lumpur

**TAX ADVISER**

PricewaterhouseCoopers Taxation Services Sdn Bhd

10<sup>th</sup> Floor, Menara TH 1 Sentral, Jalan Rakyat

KL Sentral, 50706 Kuala Lumpur

**FUND INFORMATION**

Period of Trust	: Subject to provisions of the Deed
Fund Category	: Equity (Shariah Compliant)
Fund Type	: Equity (Shariah Compliant)
Relevant Benchmark	: FTSE Bursa Malaysia EMAS Shariah Index
Distribution Policy	: The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate – subject to the availability of realised income.

**INVESTMENT OBJECTIVE, STRATEGY AND POLICY****Investment Objective**

The Fund seeks to achieve capital appreciation over medium to long term period.

**Investment Strategy and Policy**

The Fund targets an allocation of up to 95% of the Fund's Net Asset Value (NAV) in Shariah-compliant equities and Shariah-compliant equity-related instruments, and a maximum of 30% of the Fund's NAV invested in Islamic money market instruments, Sukuk and/or Islamic liquid assets. The selection of Shariah-compliant equity investments of the Fund will be in line with those in the list of Shariah-compliant securities issued by Shariah Advisory Council of the Securities Commission Malaysia and/or Bank Negara Malaysia.

The portfolio construction process is research driven – combining bottom-up fundamental analysis with top down economic and sector analysis. In identifying investable listed companies, the Manager relies on fundamental research where track records, prospects, business operation and management of the companies are considered. In addition, prospects for the economies and sectors in which the companies operate are also assessed. Analysis is also made on revenue growth, profit margins, sustainability of earnings and/or dividend pay-out, balance sheet and cash flow. In view of its investment objective, the designated fund manager will trade the securities depending on the securities market conditions.

The selection of Sukuk and Islamic money market instruments will depend largely on its credit quality where the respective issuers of Sukuk and Islamic money market instruments are required to possess strong ability to meet their financial obligations and offer highest safety for timely payment of profit and principal.

**MANAGER'S OVERVIEW**

We are pleased to present to you the Annual Report of Muamalat Invest Islamic Equity Fund ("the Fund") incorporating the Audited Financial Statements for the financial year ended 30 June 2023.

During the financial year under review, the Fund generated a total return of 4.44%\* compared to the benchmark return of -0.85%\*. Hence, the Fund outperformed the benchmark by 5.29%. The outperformance was mainly attributed to the Fund's sector and stock selection.

There is no distribution made by the Fund during the financial year under review.

\* Source: Novagni Analytics and Advisory Sdn Bhd

## MANAGER'S REPORT

### Fund Performance Review

During the financial year under review, the Fund generated a total return of 4.44%\* compared to the benchmark return of -0.85%\*. Hence, the Fund outperformed the benchmark by 5.29%. The outperformance was mainly attributed to the Fund's sector and stock selection.

During the financial year under review, the Fund's NAV has increased by 4.44% from RM0.6684 to RM0.6981.

The Fund has achieved its investment objective for the financial year under review.

The total units in circulation as at 30 June 2023 are 5,103,041 and NAV attributable to unitholders is RM0.6981 per unit.

\* Source: Novagni Analytics and Advisory Sdn Bhd

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

### Asset Allocation

The Fund's holdings are shown below:-

Asset Class	30 June 2023	30 June 2022
Equities	91.01%	80.92%
Liquid assets and other net current assets	8.99%	19.08%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

The asset allocation reflects the Fund's strategy and was reflective of the Manager's stance to risk manage its portfolio in an environment of volatile markets.

### Strategies and Policies

This Fund aims to achieve capital appreciation over medium to long term period.

During the financial year under review, the Fund generated a total return of 4.44%\* compared to the benchmark return of -0.85%\*. Hence, the Fund outperformed the benchmark by 5.29%. The outperformance was mainly attributed to the Fund's sector and stock selection.

The strategy adopted by the Fund for the financial year under review is in line with the investment strategy of the Fund.

### Market Review

The FBM KLCI Index (FBM KLCI) ended June-2023 lower at 1,376.88 – a decline of -4.66% from 1,444.22 points a year earlier. Meanwhile, the FBM Emas Shariah Index (FBMS Index) demonstrated better resilience, receding by only -0.85% year-on-year to 10,414.87 points from 10,503.97 points. Banking turmoil and debt ceiling impasse in the US, coupled with weak China data are among the main headwinds for local indices. Other amplifiers include Bank Negara Malaysia's (BNM) surprise OPR pause and the political uncertainty as six states approach the state election.

Stubbornly high inflation and tight job prospects in the US might delay policy pivot to 2024, as demonstrated by the persistent hawkish tones from the Federal Reserve. This might prolong the weakness in the ringgit which had already declined by -5.53% year-on-year. The persistence led to continued negative interest rates differential between Malaysia and the US which might in turn lead to deferred sustainable foreign equity inflows into domestic market.

Malaysia's GDP expanded moderately in the second quarter of 2023 by 2.9%, weighed mainly by slower external demand and partially due to higher base effect. Domestic demand remained the key growth driver, supported by private consumption and investment. The growth paled in comparison to the first quarter performance at 5.6%. BNM expects the Malaysian economy to expand by 4.0% - 5.0% in 2023, likely supported by domestic demand amid improving employment and income, as well as the implementation of multi-year projects.

## **Market Outlook**

The global economy is expected to grow at a slower pace in 2023. Resilient domestic demand, strong labour market conditions and recovery in services activity, particularly tourism will continue to support global growth. However, headwinds from persistently elevated inflation and higher interest rates remain. While China's reopening remains supportive of the global economy, the slower than-expected pace of recovery in recent months will weigh on the global growth.

The balance of risks to global growth remains tilted to the downside, mainly from a slower momentum in major economies, higher-than-expected inflation, escalation of geopolitical tensions and a sharp tightening in financial conditions. Upside risk to global growth can arise from stronger-than-expected domestic demand particularly in advanced economies.

For the second half of 2023, the Malaysian economy is expected to expand at a moderate pace. Slower external demand will continue to weigh on economic activity particularly for the export-oriented sectors. Growth will be supported by domestic demand, underpinned by favourable labour market conditions, particularly in the domestic-oriented sectors. Tourist arrivals is expected to continue improving, thereby lifting tourism activities, while investment activity would be supported by implementation of multi-year investment projects. Domestic financial conditions also remain conducive to financial intermediation.

While the growth outlook is subject to some downside risks stemming from weaker-than-expected global growth, upside risks mainly emanate from domestic factors such as stronger-than expected tourism activity and faster implementation of projects

In line with expectations, headline inflation has continued to moderate to 2.8% in 2Q 2023 from the peak of 4.5% in 3Q 2022 amid lower cost factors. While core inflation has also moderated, it has been more persistent and remains elevated relative to the long-term average, amid lingering demand and cost factors. For the second half of 2023, both headline and core inflation are projected to trend lower within expectations, partly due to the higher base in the corresponding period last year. Nonetheless, risks to the inflation outlook remain subject to the changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

At the July Monetary Policy Committee (MPC) meeting, the MPC decided to maintain the OPR at 3.00 percent. The MPC assessed that the global economy continues to expand, driven by resilient domestic demand supported by strong labour market conditions. At the current OPR level, the MPC deemed the monetary policy stance to be slightly accommodative and remain supportive of the economy. The MPC continues to see limited risks of future financial imbalances.

The international reserves of Bank Negara Malaysia amounted to USD111.4 billion as at 30 June 2023. The reserves level has taken into account the quarterly foreign exchange revaluation changes. The reserves position is sufficient to finance 5.0 months of imports of goods and services, and is 1.0 time the total short-term external debt.

*(Source: MARC, Bank Negara Malaysia)*

## PORTFOLIO STRUCTURE

As at 30 June 2023, the Fund has invested circa 91.01% in equities and the balance in liquid assets and other net current assets.

The Fund's asset allocations are shown below:-

<b>Sectors</b>	<b>As at 30 June</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Equities</b>				
Construction	-	5.25	3.87	-
Consumer Products & Services	3.54	7.17	3.79	-
Energy	8.50	-	14.73	-
Financial Services	8.37	7.76	3.48	-
Health Care	4.47	5.67	16.23	-
Industrial Products & Services	12.14	2.63	7.61	-
Plantations	13.50	12.58	-	-
Property	3.41	-	-	-
Real Estate Investment Trusts	3.92	4.98	5.44	-
Technology	15.04	10.93	13.11	-
Telecommunications & Media	6.74	3.85	-	-
Transportation & Logistics	5.03	9.36	-	-
Utilities	6.35	10.74	9.69	-
	91.01	80.92	77.95	-
Liquid assets and other net current assets	8.99	19.08	22.05	100.00
	100.00	100.00	100.00	100.00

The asset allocation reflects the Fund's strategy and was reflective of the Manager's stance to risk manage its portfolio in an environment of volatile markets.

**PERFORMANCE OF FUND AND BENCHMARK**

	<b>Average Annual Return</b>		
	<b>Since Inception (03.09.2019<sup>^</sup>- 30.06.2023)</b>	<b>3 Years (01.07.2020- 30.06.2023)</b>	<b>1 Year (01.07.2022- 30.06.2023)</b>
Muamalat Invest Islamic Equity Fund			
- Capital Return	-8.97%	-10.69%	4.44%
- Income Return	-	-	-
Total Return	-8.97%	-10.69%	4.44%
FTSE Bursa Malaysia EMAS Shariah Index	-3.04%	-4.72%	-0.85%

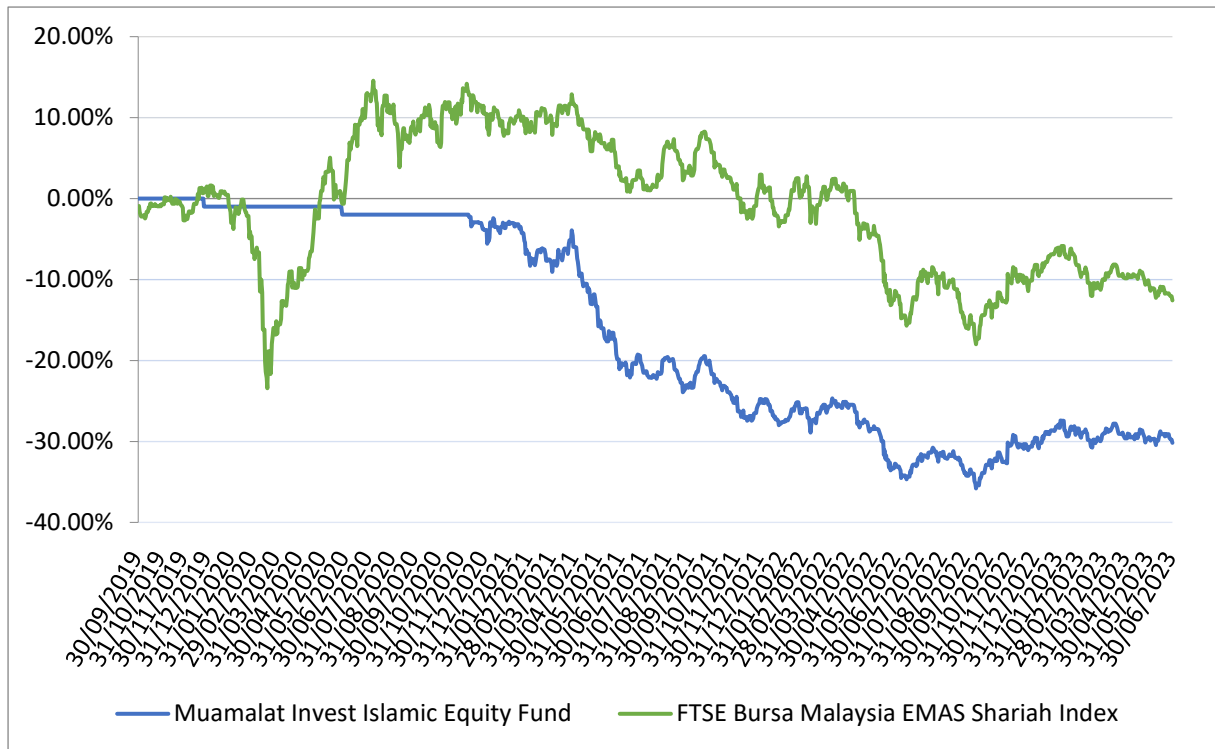
	<b>Total Return</b>			
	<b>2020 (03.09.2019<sup>^</sup>- 30.06.2020)</b>	<b>2021 (01.07.2020- 30.06.2021)</b>	<b>2022 (01.07.2021- 30.06.2022)</b>	<b>2023 (01.07.2022- 30.06.2023)</b>
Muamalat Invest Islamic Equity Fund	N/A*	-19.23%	-15.55%	4.44%
FTSE Bursa Malaysia EMAS Shariah Index	N/A*	1.15%	-13.75%	-0.85%

<sup>^</sup> Date of inception

\* The Fund had been dormant since inception until 7 December 2020.



*Cumulative Performance Since Inception*



\* Source: Novagni Analytics and Advisory Sdn Bhd ("Novagni")

The abovementioned performance figures are indicative returns based on daily Net Asset Value of a unit (as per Novagni Database) since inception.

The calculation of the above returns is based on computation methods of Novagni.

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

The abovementioned performance computations have been adjusted to reflect distribution payments and unit splits wherever applicable.

Fund Size	As At 30 June			
	2023	2022	2021	2020
Net Asset Value (RM)	3,562,281	3,410,788	4,039,169	980
Units In Circulation	5,103,041	5,103,041	5,103,041	1,000
Net Asset Value per unit (RM)	0.6981	0.6684	0.7915	0.9800

Historical Data	Financial Year/Period Ended 30 June			
	2023	2022	2021	2020
<b>Unit Prices</b>				
NAV Price - Highest (RM)	0.7259	0.8075	0.9802	1.0000
- Lowest (RM)	0.6419	0.6642	0.7892	0.9800
<b>Distribution and Unit Split</b>				
Gross Distribution Per Unit (sen)	-	-	-	-
Net Distribution Per Unit (sen)	-	-	-	-
Distribution Date	-	-	-	-
NAV before distribution (cum)	-	-	-	-
NAV after distribution (ex)	-	-	-	-
Unit Split	-	-	-	-
<b>Others</b>				
Total Expense Ratio (TER) (%) #	2.40	2.18	2.76	2.01
Portfolio Turnover Ratio (PTR) (times) ##	0.53	0.77	0.78	-

# The TER for the financial year was higher compared with previous financial year due to lower average net asset value for the financial year under review.

## The PTR for the financial year was lower compared with previous financial year due to lower equity trades transacted during the financial year under review.

## **FUND SIZE AND PROFILE OF UNIT HOLDINGS BY SIZE**

As at 30 June 2023, the Fund's units in circulation stood at 5,103,041 units with a total of 2 accounts.

<b>Size of Holdings</b>	<b>Account Holders</b>		<b>No. Of Units Held</b>	
	<b>No.</b>	<b>%</b>	<b>Units</b>	<b>%</b>
5,000 and below	1	50.00	1,000	0.02
5,001 to 10,000	-	-	-	-
10,001 to 50,000	-	-	-	-
50,001 to 500,000	-	-	-	-
500,001 and above	1	50.00	5,102,041	99.98
Total	2	100.00	5,103,041	100.00

## **REBATES AND SOFT COMMISSION**

Dealings on investments of the Fund through brokers or dealers will be on terms which are best available for the Fund. Any rebates from brokers or dealers will be directed to the account of the Fund.

The Fund Manager may only receive soft commission in the form of research and advisory services that assist in the decision-making process relating to the Fund's investments.

During the financial year under review, no soft commission was received from brokers.

## **SECURITIES LENDING OR REPURCHASE TRANSACTION**

The Fund has not undertaken any securities lending or repurchase transactions during the financial year under review.

## **CROSS TRADE**

During the financial year under review, no cross trade transaction has been carried out for the Fund.

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	5	3,241,932	2,760,138
Cash and cash equivalents	6	361,131	411,831
Amount due from stockbrokers		-	401,450
Dividend receivables		2,640	1,640
<b>TOTAL ASSETS</b>		<u>3,605,703</u>	<u>3,575,059</u>
<b>LIABILITIES</b>			
Accrued management fee		9,034	4,328
Amount due to Trustee		15,409	9,163
Other payables and accruals	7	18,979	17,568
Amount due to stockbrokers		-	133,212
<b>TOTAL LIABILITIES</b>		<u>43,422</u>	<u>164,271</u>
<b>NET ASSET VALUE</b>		<u>3,562,281</u>	<u>3,410,788</u>
<b>UNITHOLDERS' FUNDS</b>			
Unitholders' capital		5,001,000	5,001,000
Accumulated losses		(1,438,719)	(1,590,212)
		<u>3,562,281</u>	<u>3,410,788</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	8	<u>5,103,041</u>	<u>5,103,041</u>
<b>NET ASSET VALUE PER UNIT</b>		<u>0.6981</u>	<u>0.6684</u>

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

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
<b>INVESTMENT INCOME</b>			
Dividend income		125,466	127,439
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions		9,900	12,882
Net gain/(loss) on financial assets at fair value through profit or loss	5	116,783	(667,373)
		<u>252,149</u>	<u>(527,052)</u>
<b>EXPENSES</b>			
Management fee	9	(53,044)	(57,526)
Trustee's fee	10	(18,000)	(12,000)
Audit fee		(7,500)	(7,500)
Tax agent fee		(5,000)	(5,000)
Transaction costs		(14,993)	(16,903)
Other expenses		(2,119)	(2,400)
		<u>(100,656)</u>	<u>(101,329)</u>
Profit/(Loss) before taxation		151,493	(628,381)
Taxation	11	-	-
Profit/(Loss) after taxation and total comprehensive income/(loss) for the financial year		<u>151,493</u>	<u>(628,381)</u>
Profit/(Loss) after taxation is made up of the following:			
Realised amount		100,366	(1,393,341)
Unrealised amount		51,127	764,960
		<u>151,493</u>	<u>(628,381)</u>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	<b>Unitholders' capital RM</b>	<b>Accumulated losses RM</b>	<b>Total RM</b>
Balance as at 1 July 2022	5,001,000	(1,590,212)	3,410,788
Movement in net asset value:			
Total comprehensive income for the financial year	-	151,493	151,493
Balance as at 30 June 2023	5,001,000	(1,438,719)	3,562,281
Balance as at 1 July 2021	5,001,000	(961,831)	4,039,169
Movement in net asset value:			
Total comprehensive loss for the financial year	-	(628,381)	(628,381)
Balance as at 30 June 2022	5,001,000	(1,590,212)	3,410,788

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

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	<u>2023</u> RM	<u>2022</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Purchase of investments	(2,226,811)	(2,263,130)
Proceeds from sale of investments	2,115,047	1,698,876
Dividends received	123,823	135,450
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions	9,900	12,882
Management fee paid	(48,338)	(70,062)
Trustee's fee paid	(11,754)	(19,620)
Payment for other fees and expenses	(12,567)	(5,628)
Net cash used in operating activities	<u>(50,700)</u>	<u>(511,232)</u>
Net decrease in cash and cash equivalents	(50,700)	(511,232)
Cash and cash equivalents at the beginning of the financial year	411,831	923,063
Cash and cash equivalents at the end of the financial year	<u><u>361,131</u></u>	<u><u>411,831</u></u>
 Cash and cash equivalents comprise:		
Shariah-compliant deposits with licensed Islamic financial institutions	322,448	381,411
Bank balance	38,683	30,420
	<u><u>361,131</u></u>	<u><u>411,831</u></u>

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

**NOTES TO THE AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

**1 THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES**

The Muamalat Invest Islamic Equity Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 18 June 2019 as amended via its First Supplemental Deed dated 29 March 2023 between Muamalat Invest Sdn Bhd (“the Manager”) and Maybank Trustees Berhad (“the Trustee”). The Fund is governed by the Deed dated 18 June 2019 as amended via its First Supplemental Deed dated 29 March 2023 (collectively referred to as “the Deed”).

The Fund was launched on 3 September 2019 and will continue its operations until terminated as provided under Clause 12 of the Deed.

The principal activity of the Fund is to invest in ‘Permitted Investments’ as defined under The Seventh Schedule of the Deed, which comprises Shariah-compliant equities and Shariah-compliant equities-related instruments, Islamic deposits and Islamic money market instruments, sukuk and/or Islamic liquid assets and any other form of investments as may be approved by the relevant authorities from time to time and acceptable under the Shariah principles.

The Fund’s activities shall be conducted strictly in accordance with the requirement of the Shariah principles and shall be monitored by the Shariah Adviser of the Fund.

All investments are subjected to the Securities Commission Malaysia’s (“SC”) Guidelines on Unit Trust Funds, SC requirements, the Deed and Prospectus, except where exemptions or variations have been approved by the SC, internal policies and procedures and objective of the Fund.

The main objective of the Fund is to seek to achieve capital appreciation over medium to long term period.

The Manager, a company incorporated in Malaysia, is a wholly-owned subsidiary of Bank Muamalat Malaysia Berhad. Its principal activity is the provision of Islamic fund management services.

These financial statements were authorised for issue by the Manager on 25 August 2023.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation of the financial statements**

The financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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 year.

It also requires the Manager to exercise its judgment in the process of applying the Fund’s accounting policies. Although these estimates and assumptions are based on the Manager’s best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.9.



## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.1 Basis of preparation of the financial statements (continued)**

- (a) Standards and amendments to existing standards effective 1 January 2022

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 July 2022 that have a material effect on the financial statements of the Fund.

- (b) New standards, amendments and interpretations effective after 1 January 2022 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2022, 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.

### **2.2 Financial assets**

- (i) Classification

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

- those to be measured at fair value through profit or loss, and
- those to be measured at amortised cost

The Fund classifies its investments based on both the 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 to 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 payment of principal and interest ("SPPI"). 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 stockbrokers and dividend receivables as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

- (ii) 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. Financial assets are initially recognised at fair value. Transaction costs are expensed as incurred in profit or loss.

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

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. 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 profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss when the Fund's right to receive payments is established.

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.2 Financial assets (continued)**

#### **(ii) Recognition and measurement (continued)**

Quoted investments are initially recognised at fair value and subsequently re-measured at fair value based on the market price quoted on the relevant stock exchanges at the close of the business on the valuation day, where the close price falls within the bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

Shariah-compliant deposits with licensed Islamic financial institutions are stated at cost plus accrued profit calculated on the effective profit method over the period from the date of placement to the date of the statement of financial position, 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 profit method.

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

The Fund measures credit risk and expected credit losses using probability of default, exposure at 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.

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Financial liabilities**

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

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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.

The Fund's financial liabilities which include accrued management fee, amount due to Trustee, amount due to stockbrokers and other payables and accruals are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit method.

### **2.4 Unitholders' capital**

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

- the units entitle the unitholder 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 unitholders with the total number of outstanding units.

### **2.5 Income recognition**

Dividend income from quoted investments is recognised when the Fund's right to receive payment is established.

Profit income from Shariah-compliant deposits with licensed Islamic financial institutions is recognised on an accrual basis using the effective profit method.

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 or loss on sale of quoted investments is arrived at after accounting for cost of investments, determined on the weighted average cost method.

### **2.6 Taxation**

Current tax expense is determined according to Malaysian tax laws and includes all taxes based upon the taxable profit earned during the financial year.

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.7 Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balance and Shariah-compliant deposits held in highly liquid investments with original maturities of three or less are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **2.8 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.

### **2.9 Critical accounting estimates and judgments 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 Funds’ results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgment 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.

In undertaking any of the Fund’s Shariah-compliant 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 SC Guidelines on Unit Trust Funds.

However, the Manager is of the opinion that there are no accounting policies which require significant judgment to be exercised.

## **3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Fund is exposed to a variety of risks, which include market risk (including price risk and profit rate risk) credit risk, liquidity 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 Prospectus and SC Guidelines on Unit Trust Funds.

### Market risk

Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investors’ sentiment generally. They may also decline due to factors that affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities. The market price of securities owned by a unit trust fund might go down or up, sometimes rapidly or unpredictable.

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

#### Market risk (continued)

##### (a) Price risk

Price risk is the risk that the fair value of the investments of the Fund will fluctuate because of changes in market prices.

The Fund is exposed to quoted equity security price risk (other than those arising from interest rate risk) for its investments of RM3,241,932 (30.06.2022: RM2,760,138) in quoted securities investments.

The sensitivity analysis is based on the assumption that the price of the quoted equity security investments fluctuate by +/-(-) 5% with all other variables held constant, the impact on profit after taxation and net asset value is +/-(-) RM162,097 (30.06.2022: RM138,007).

##### (b) Profit rate risk

Profit rate risk is the risk that the value of the Fund's investments and its return will fluctuate because of changes in market profit rates.

Profit rate is a general economic indicator that will have an impact on the management of the Fund. The Fund's exposure to the fair value profit rate risk arises from Shariah-compliant deposits with licensed Islamic financial institutions. The profit rate risk is expected to be minimal as the Fund's investments comprise mainly short-term deposits with approved licensed Islamic financial institutions. The Manager overcomes the exposure by way of maintaining deposits with fixed profit rates and maturity on short term basis.

As at the end of each financial year, the Fund is not exposed to a material level of profit rate risk as the deposits are held on a short-term basis.

The Fund is not exposed to cash flow profit rate risk as the Fund does not hold any financial instruments at variable profit rate.

#### Credit risk

Credit risk refers to the possibility that the issuer of an instrument will not be able to make timely payments of profit or principal repayment on the maturity date. This may lead to a default in the payment of principal and profit and ultimately a reduction in the value of the Fund.

In the case of the Fund, the Manager will endeavour to minimise this risk by selecting only licensed Islamic financial institutions having a minimum credit rating of A3 as rated by RAM or A- as rated by MARC.

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

	<b>Cash and cash equivalents RM</b>	<b>Dividend receivables RM</b>	<b>Total RM</b>
<b><u>2023</u></b>			
Financial institutions:			
- AAA	361,131	-	361,131
Others	-	2,640	2,640
	<u>361,131</u>	<u>2,640</u>	<u>363,771</u>

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

#### Credit risk (continued)

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

	<b>Cash and cash equivalents RM</b>	<b>Other financial assets* RM</b>	<b>Total RM</b>
<b><u>2022</u></b>			
Financial institutions:			
- AAA	411,831	-	411,831
Others	-	403,090	403,090
	<u>411,831</u>	<u>403,090</u>	<u>814,921</u>

\* Comprise of dividend receivables and amount due from stockbrokers.

#### Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of Shariah-based liquid assets to meet anticipated payment and cancellations of unit by unitholders. Shariah-based liquid assets comprise cash, short term Shariah-compliant deposits with licensed Islamic financial institutions and other Shariah-compliant instruments, which are capable of being converted into cash within 7 days.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table below 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>As at 30.06.2023</u></b>			
Accrued management fee	9,034	-	9,034
Amount due to Trustee	15,409	-	15,409
Other payables and accruals	-	18,979	18,979
	<u>24,443</u>	<u>18,979</u>	<u>43,422</u>
<b><u>As at 30.06.2022</u></b>			
Accrued management fee	4,328	-	4,328
Amount due to Trustee	9,163	-	9,163
Other payables and accruals	-	17,568	17,568
Amount due to stockbrokers	133,212	-	133,212
	<u>146,703</u>	<u>17,568</u>	<u>164,271</u>

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

#### Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital of RM5,001,000 (2022: RM5,001,000) and accumulated losses of RM1,438,719 (2022: RM1,590,212). 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.

### **4 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 value 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 year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

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 balance, deposits and placements with licensed Islamic financial institutions with maturities less than one year, the carrying value is a reasonable estimate of fair value due to their short term nature.
- (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 adopts 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:

#### 4 FAIR VALUE ESTIMATION (CONTINUED)

##### Fair value hierarchy (continued)

- 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 judgment 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:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<b><u>2023</u></b>				
<b>Financial assets at fair value through profit or loss</b>				
- Quoted investments	3,241,932	-	-	3,241,932
<b><u>2022</u></b>				
<b>Financial assets at fair value through profit or loss</b>				
- Quoted investments	2,760,138	-	-	2,760,138

Quoted investments, i.e. active listed equities whose values are based on quoted market prices in active markets are classified within Level 1. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2.2.

#### 5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2023</u> RM	<u>2022</u> RM
Financial assets at fair value through profit or loss:		
- quoted investments	3,241,932	2,760,138
	<u>2023</u> RM	<u>2022</u> RM
Net gain/(loss) on financial assets at fair value through profit or loss comprised:		
- realised gain/(loss) on sale of investments	65,656	(1,432,333)
- net unrealised gain on changes in fair values	51,127	764,960
	<u>116,783</u>	<u>(667,373)</u>



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

Investments as at 30 June 2023 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost RM</u>	<u>Fair value RM</u>	<u>Percentage of net asset value %</u>
<b>QUOTED INVESTMENTS</b>				
<b>CONSUMER PRODUCTS &amp; SERVICES</b>				
Fraser & Neave Holdings Berhad	5,000	109,987	126,100	3.54
<b>ENERGY</b>				
Dialog Group Berhad	60,000	142,194	123,600	3.47
T7 Global Berhad	250,000	105,400	111,250	3.12
Uzma Berhad	110,000	68,827	68,200	1.91
		316,421	303,050	8.50
<b>FINANCIAL SERVICES</b>				
Bursa Malaysia Berhad	20,000	132,674	128,800	3.62
Syarikat Takaful Malaysia Keluarga Berhad	50,919	172,408	169,051	4.75
		305,082	297,851	8.37
<b>HEALTH CARE</b>				
Duopharma Biotech Berhad	50,000	64,800	65,000	1.82
Hartalega Holdings Berhad	50,000	94,400	94,500	2.65
		159,200	159,500	4.47
<b>INDUSTRIAL PRODUCTS &amp; SERVICES</b>				
Kelington Group Berhad	80,000	103,599	119,200	3.35
Pantech Group Holdings Berhad	150,000	114,750	111,000	3.12
Petronas Chemical Group Berhad	20,000	143,884	120,000	3.37
V.S. Industry Berhad	90,000	103,869	81,900	2.30
		466,102	432,100	12.14
<b>PLANTATION</b>				
Kuala Lumpur Kepong Berhad	11,000	225,704	241,560	6.78
Sarawak Oil Palms Berhad	30,000	74,016	73,500	2.06
Sime Darby Plantation Berhad	40,000	155,600	166,000	4.66
		455,320	481,060	13.50

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

Investments as at 30 June 2023 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> <u>RM</u>	<u>Fair value</u> <u>RM</u>	<u>Percentage</u> <u>of net</u> <u>asset value</u> <u>%</u>
<b>QUOTED INVESTMENTS (CONTINUED)</b>				
<b>PROPERTY</b>				
Eco World Development Group Berhad	150,000	84,000	121,500	3.41
<b>REAL ESTATE INVESTMENT TRUSTS</b>				
KLCC Property Holdings Berhad	20,000	134,252	139,800	3.92
<b>TECHNOLOGY</b>				
Agmo Holdings Berhad	1,878	-	1,071	0.03
Globetronics Technology Berhad	120,000	269,629	151,200	4.24
Inari Amertron Berhad	60,000	162,280	164,400	4.62
MI Technovation Berhad	50,000	72,400	69,000	1.94
MY E.G. Services Berhad	200,000	198,295	150,000	4.21
		702,604	535,671	15.04
<b>TELECOMMUNICATIONS &amp; MEDIA</b>				
Axiata Group Berhad	35,000	93,424	92,750	2.60
Telekom Malaysia Berhad	30,000	148,833	147,300	4.14
		242,257	240,050	6.74
<b>TRANSPORTATION &amp; LOGISTICS</b>				
MISC Berhad	25,000	183,062	179,000	5.03
<b>UTILITIES</b>				
Tenaga Nasional Berhad	25,000	240,607	226,250	6.35
<b>TOTAL QUOTED INVESTMENTS</b>		<b>3,398,894</b>	<b>3,241,932</b>	<b>91.01</b>
<b>UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		(156,962)		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>3,241,932</b>		

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

Investments as at 30 June 2022 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost RM</u>	<u>Fair value RM</u>	<u>Percentage of net asset value %</u>
<b>QUOTED INVESTMENTS</b>				
<b>CONSTRUCTION</b>				
Gamuda Berhad	50,000	180,650	179,000	5.25
<b>CONSUMER PRODUCTS &amp; SERVICES</b>				
Bermaz Auto Berhad	100,000	134,250	170,000	4.98
Sime Darby Berhad	35,000	83,409	74,550	2.19
		217,659	244,550	7.17
<b>FINANCIAL SERVICES</b>				
Bursa Malaysia Berhad	20,000	132,674	132,600	3.89
Syarikat Takaful Malaysia Keluarga Berhad	40,919	137,328	132,168	3.87
		270,002	264,768	7.76
<b>HEALTH CARE</b>				
IHH Healthcare Berhad	30,000	195,879	193,500	5.67
<b>INDUSTRIAL PRODUCTS &amp; SERVICES</b>				
V.S. Industry Berhad	90,000	103,869	89,550	2.63
<b>PLANTATION</b>				
Kuala Lumpur Kepong Berhad	8,000	162,560	175,520	5.15
Sarawak Oil Palms Berhad	20,000	119,602	80,200	2.35
Sime Darby Plantation Berhad	40,000	155,600	173,200	5.08
		437,762	428,920	12.58
<b>REAL ESTATE INVESTMENT TRUSTS</b>				
KLCC Property Holdings Berhad	25,000	167,815	170,000	4.98

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

Investments as at 30 June 2022 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> <u>RM</u>	<u>Fair value</u> <u>RM</u>	<u>Percentage</u> <u>of net</u> <u>asset value</u> <u>%</u>
<b>QUOTED INVESTMENTS (CONTINUED)</b>				
<b>TECHNOLOGY</b>				
Globetronics Technology Berhad	120,000	269,629	144,000	4.22
Inari Amertron Berhad	20,000	66,680	52,800	1.55
MY E.G. Services Berhad	200,000	198,295	176,000	5.16
		<u>534,604</u>	<u>372,800</u>	<u>10.93</u>
<b>TELECOMMUNICATIONS &amp; MEDIA</b>				
Telekom Malaysia Berhad	25,000	120,250	131,250	3.85
<b>TRANSPORTATION &amp; LOGISTICS</b>				
MISC Berhad	25,000	183,062	177,500	5.20
Westports Holdings Berhad	40,000	158,860	142,000	4.16
		<u>341,922</u>	<u>319,500</u>	<u>9.36</u>
<b>UTILITIES</b>				
Petronas Gas Berhad	15,000	250,408	246,600	7.23
Tenaga Nasional Berhad	15,000	147,407	119,700	3.51
		<u>397,815</u>	<u>366,300</u>	<u>10.74</u>
<b>TOTAL QUOTED INVESTMENTS</b>		<b>2,968,227</b>	<b>2,760,138</b>	<b>80.92</b>
<b>UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u>(208,089)</u>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>2,760,138</b>		

**6 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise:

	<b><u>2023</u></b> <b>RM</b>	<b><u>2022</u></b> <b>RM</b>
Shariah-based deposits with licensed Islamic financial institutions	322,448	381,411
Bank balance	38,683	30,420
	<u>361,131</u>	<u>411,831</u>

Weighted average rate of return per annum of Shariah-compliant deposits with licensed Islamic financial institutions is as follows:

	<b><u>2023</u></b>	<b><u>2022</u></b>
Weighted average rate of return	<u>2.95%</u>	<u>1.95%</u>
Average days to maturity	<u>4 days</u>	<u>1 day</u>

**7 OTHER PAYABLES AND ACCRUALS**

	<b><u>2023</u></b> <b>RM</b>	<b><u>2022</u></b> <b>RM</b>
Audit fee payable	7,500	7,500
Tax agent's fee payable	9,400	8,200
Sundry payables and accruals	2,079	1,868
	<u>18,979</u>	<u>17,568</u>

**8 NUMBER OF UNITS IN CIRCULATION**

	<b><u>2023</u></b> <b>Units</b>	<b><u>2022</u></b> <b>Units</b>
At the beginning and end of the financial year	<u>5,103,041</u>	<u>5,103,041</u>

**9 MANAGEMENT FEE**

Clause 13.1 of the Deed provides that the Manager shall be entitled to a fee at a rate agreed between the Manager and the Trustee, and the rate shall not exceed 1.65% per annum of the net asset value of the Fund, calculated on a daily basis.

Effective 8 December 2020, the management fee provided in the financial statements is 1.50% (2022: 1.50%) 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 management fee other than the amount recognised above.

**10 TRUSTEE'S FEE**

Clause 13.2 of the Deed provides that the Trustee shall be entitled to a fee at a rate agreed between the Manager and the Trustee, and the rate shall not exceed 0.08% per annum of the net asset value of the Fund subject to a minimum of RM18,000 per annum, calculated on a daily basis.

Effective 8 December 2020, the Trustee's fee provided in the financial statements is 0.08% (2022: 0.08%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

For current financial year, the minimum trustee fee is RM18,000 (2022: RM12,000) per annum.

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

**11 TAXATION****(a) Tax charge for the financial year**

	<u>2023</u> <u>RM</u>	<u>2022</u> <u>RM</u>
Current taxation	-	-

**(b) Numerical reconciliation of income tax expense**

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

	<u>2023</u> <u>RM</u>	<u>2022</u> <u>RM</u>
Profit/(Loss) before taxation	151,493	(628,381)
Tax calculated at a tax rate of 24% (2022: 24%)	36,358	(150,811)
Tax effects of:		
- (Income not subject to tax)/Loss not deductible for tax purposes	(60,516)	126,492
- Expenses not deductible for tax purposes	9,627	8,713
- Restriction on tax deductible expenses	14,531	15,606
Tax expense	-	-

**12 TOTAL EXPENSE RATIO ("TER")**

	<u>2023</u> <u>%</u>	<u>2022</u> <u>%</u>
TER	2.40	2.18

The TER is the ratio of total fee and recovered expenses of the Fund expressed as a percentage of the Fund's average net asset value.

**13 PORTFOLIO TURNOVER RATIO ("PTR")**

	<u>2023</u>	<u>2022</u>
The PTR for the financial year (times)	0.53	0.77

The PTR is the ratio of the average acquisitions and disposals of the Fund during the financial year to the average net asset value of the Fund.

**14 UNITS HELD BY THE MANAGER AND RELATED PARTIES, SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES**

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

<u>Related parties</u>	<u>Relationship</u>
Muamalat Invest Sdn Bhd	The Manager
Bank Muamalat Malaysia Berhad	Holding company of the Manager

The number of units held by the Manager and party related to the Manager are as follows:

	<u>Units</u>	<u>2023</u> <u>RM</u>	<u>Units</u>	<u>2022</u> <u>RM</u>
The Manager	1,000	698	1,000	668
Bank Muamalat Malaysia Berhad	5,102,041	3,561,735	5,102,041	3,410,120
	<u>5,103,041</u>	<u>3,562,433</u>	<u>5,103,041</u>	<u>3,410,788</u>

The units are held beneficially by the Manager for booking purposes and were transacted at the prevailing market price.

Other than the above, there were no units held by Directors or parties related to the Manager as at the end of the financial year. There were no related party transactions and balances during the financial year.

**15 TRANSACTIONS BY THE FUND**

Details of transactions by the Fund for the financial year ended 30 June 2023 are as follows:

<u>Brokers/financial institutions</u>	<u>Value of</u> <u>trades</u> <u>RM</u>	<u>Percentage</u> <u>of total</u> <u>trades</u> <u>%</u>	<u>Brokerage</u> <u>fees</u> <u>RM</u>	<u>Percentage</u> <u>of total</u> <u>brokerage</u> <u>fees</u> <u>%</u>
TA Securities Holdings Berhad	1,310,981	34.45	2,959	36.39
BIMB Securities Sdn Bhd	1,122,401	29.49	2,525	31.06
Hong Leong Investment Bank Berhad	586,126	15.40	1,172	14.41
MIDF Amanah Investment Bank Berhad	534,698	14.05	909	11.18
Affin Hwang Investment Bank Berhad	251,539	6.61	566	6.96
	<u>3,805,745</u>	<u>100.00</u>	<u>8,131</u>	<u>100.00</u>

## 15 TRANSACTIONS BY THE FUND (CONTINUED)

Details of transactions by the Fund for the financial year ended 30 June 2022 are as follows:

<b><u>Brokers/financial institutions</u></b>	<b><u>Value of trades RM</u></b>	<b><u>Percentage of total trades %</u></b>	<b><u>Brokerage fees RM</u></b>	<b><u>Percentage of total brokerage fees %</u></b>
MIDF Amanah Investment Bank Berhad	985,917	21.93	1,683	17.52
BIMB Securities Sdn Bhd	983,563	21.88	2,223	23.14
TA Securities Holdings Berhad	855,485	19.03	1,925	20.04
Affin Hwang Investment Bank Berhad	590,926	13.14	1,329	13.85
Alliance Investment Bank Berhad	569,437	12.67	1,423	14.82
Hong Leong Investment Bank Berhad	347,518	7.73	695	7.24
Maybank Investment Bank Berhad	162,560	3.62	325	3.39
	<u>4,495,406</u>	<u>100.00</u>	<u>9,603</u>	<u>100.00</u>

## 16 FINANCIAL INSTRUMENTS BY CATEGORIES

	<b><u>2023 RM</u></b>	<b><u>2022 RM</u></b>
<b><u>Financial assets</u></b>		
Financial assets at fair value through profit or loss ("FVTPL")		
- Quoted investments	<u>3,241,932</u>	<u>2,760,138</u>
Financial assets at amortised cost		
- Shariah-compliant deposits with licensed Islamic financial institutions	322,448	381,411
- Bank balance	38,683	30,420
- Amount due from stockbrokers	-	401,450
- Dividend receivables	2,640	1,640
	<u>363,771</u>	<u>814,921</u>
<b><u>Financial liabilities</u></b>		
Financial liabilities at amortised cost		
- Accrued management fee	9,034	4,328
- Amount due to Trustee	15,409	9,163
- Other payables and accruals	18,979	17,568
- Amount due to stockbrokers	-	133,212
	<u>43,422</u>	<u>164,271</u>



**STATEMENT BY MANAGER**

We, Md Khairuddin bin Hj Arshad and Mohd Faruk bin Abdul Karim, two of the Directors of Muamalat Invest 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 12 to 32 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 30 June 2023 and of its financial performance and cash flows for the financial year ended 30 June 2023 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

On behalf of the Manager

MD KHAIRUDDIN BIN HJ ARSHAD  
DIRECTOR

MOHD FARUK BIN ABDUL KARIM  
DIRECTOR

Kuala Lumpur  
25 August 2023

**TRUSTEE'S REPORT**

**TO THE UNIT HOLDERS OF MUAMALAT INVEST ISLAMIC EQUITY FUND ("Fund"),**

We have acted as Trustee of the Fund for the financial year ended 30 June 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Muamalat Invest Sdn Bhd has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

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

For **MAYBANK TRUSTEES BERHAD**  
[Company No.: 196301000109 (5004-P)]

**NORHAZLIANA BINTI MOHAMMED HASHIM**  
Head, Unit Trust & Corporate Operations

Kuala Lumpur, Malaysia  
25 August 2023

## REPORT OF THE SHARIAH ADVISER

To the unitholders of MUAMALAT INVEST ISLAMIC EQUITY FUND (“Fund”),

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Muamalat Invest Sdn Bhd has operated and managed the Fund during the period covered by these financial statements in accordance with the Shariah principles and requirement and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The assets of the Fund comprise instruments that have been classified as Shariah compliant.

Date: 25 August 2023

For **Bank Muamalat Malaysia Berhad**

Dr. Badruddin Hj Ibrahim  
Member

Dr. Ahmad Zakirullah Mohamed Shaarani  
Member

Dr. Muhamad Azhari Wahid  
Member

Dr. Mohd Shahid bin Mohd Noh  
Member

Dr. Yusri Mohamad  
Member

En. Khairun Najmi Saripudin  
Member

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
MUAMALAT INVEST ISLAMIC EQUITY FUND**

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

**Our opinion**

In our opinion, the financial statements of Muamalat Invest Islamic Equity Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 30 June 2023 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 30 June 2023, and the statement of comprehensive income, statement of changes in equity 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 12 to 32.

**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.

**Information other than the financial statements and auditors' report thereon**

The Manager of the Fund is responsible for the other information. The other information comprises the 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.

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
MUAMALAT INVEST ISLAMIC EQUITY FUND (CONTINUED)**

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

Information other than the financial statements and auditors' report thereon (continued)

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 terminate the Fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
MUAMALAT INVEST ISLAMIC EQUITY FUND (CONTINUED)**

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

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

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.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
MUAMALAT INVEST ISLAMIC EQUITY FUND (CONTINUED)**

**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  
25 August 2023