



**MUAMALAT INVEST I-INSTITUTIONAL  
MONEY MARKET 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	: Islamic Money Market Fund
Fund Type	: Income
Relevant Benchmark	: The 1-month Maybank Islamic Fixed Deposit-i (IFD-i)
Distribution Policy	: Subject to the availability of realised income received from the investment, the Fund will distribute income at least once a month.

## INVESTMENT OBJECTIVE, STRATEGY AND POLICY

### Investment Objective

The Fund aims to generate regular income\* for unitholders.

\* Income can be distributed either in the form of cash or units.

### Investment Strategy and Policy

The investment policy of the Fund is to invest up to 100% of its Net Asset Value (NAV) in liquid and low risk Ringgit denominated Islamic deposits and Islamic money market instruments issued by financial institutions.

The minimum credit rating for financial institutions in relation to Islamic deposits and Islamic money market instruments shall be “A3” by RAM Rating Services Berhad (“RAM”) or “A-” by Malaysian Rating Corporation Berhad (“MARC”) or other equivalent rating by any other similar rating agencies. The minimum credit rating for investments in Islamic money market instruments shall be “P3” by RAM Ratings or “MARC-3” by MARC or other equivalent rating by any other similar rating agencies.

The Islamic money market instruments may include short term Islamic investment accounts; short term Islamic negotiable instruments; short term Islamic repurchase agreement; and short term Islamic commercial papers.

The Fund will be actively managed to provide liquidity to meet any short-term cash flow requirements.

## MANAGER'S OVERVIEW

We are pleased to present to you the Annual Report of Muamalat Invest i-Institutional Money Market 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 2.06%\* compared to the benchmark return of 2.34%\*. Hence, the Fund underperformed the benchmark by 0.28%. The Fund's underperformance was due to withholding tax payable for income distributed from income of the Fund starting from 1 January 2022.

Total distribution of the Fund during the financial year under review amounted to RM383,788. Income was calculated daily and paid at least once a month, depending on the level of income (if any) the Fund generated.

\* Source: Novagmi Analytics and Advisory Sdn Bhd

## MANAGER'S REPORT

### Fund Performance Review

During the financial year under review, the Fund generated a total return of 2.06%\* compared to the benchmark return of 2.34%\*. Hence, the Fund underperformed the benchmark by 0.28%. The Fund's underperformance was due to withholding tax payable for income distributed from income of the Fund starting from 1 January 2022.

For the financial year under review, the Fund has met its investment objective by providing liquidity and regular income for investors through investments primarily in the Islamic money market.

The total units in circulation as at 30 June 2023 are 17,569,205 and NAV attributable to unitholders is RM1.0000 per unit.

\* Source: Novagani Analytics and Advisory Sdn Bhd

### Asset Allocation

The Fund's holdings are shown below:-

Asset Class	30 June 2023	30 June 2022
Islamic deposits with licensed financial institutions	99.84%	99.94%
Liquid assets and other net current assets	0.16%	0.06%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

The asset allocation reflects the Fund's strategy to have maximum exposure to the investments.

### Strategies and Policies

This Fund aims to provide investors with a regular income stream and high level of liquidity to meet cash flow requirements while maintaining capital preservation.

For the financial year under review as at end of June 2023, the Fund had underperformed its benchmark by approximately 28 basis points. The Fund is fully invested in short-term Islamic money market. The Fund also had fulfilled its objective in providing steady income and capital preservation.

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

### Market Review

For the financial year under review, the Money Market rates for overnight were offered at 2.80% - 2.95% per annum whereas the 1-month rates were offered within 3.60% - 3.70% per annum. The 3-month to 6-month rates were offered at 3.80% - 3.90% per annum. The 12-month rate was offered at 3.95% per annum.

## **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 99.84% in Islamic deposits with licensed financial institutions and the balance in liquid assets and other net current assets.

The Fund's asset allocations are shown below:-

Asset Class	30 June 2023	30 June 2022
Islamic deposits with licensed financial institutions	99.84%	99.94%
Liquid assets and other net current assets	0.16%	0.06%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

The asset allocation reflects the Fund's strategy to have maximum exposure to the investments.

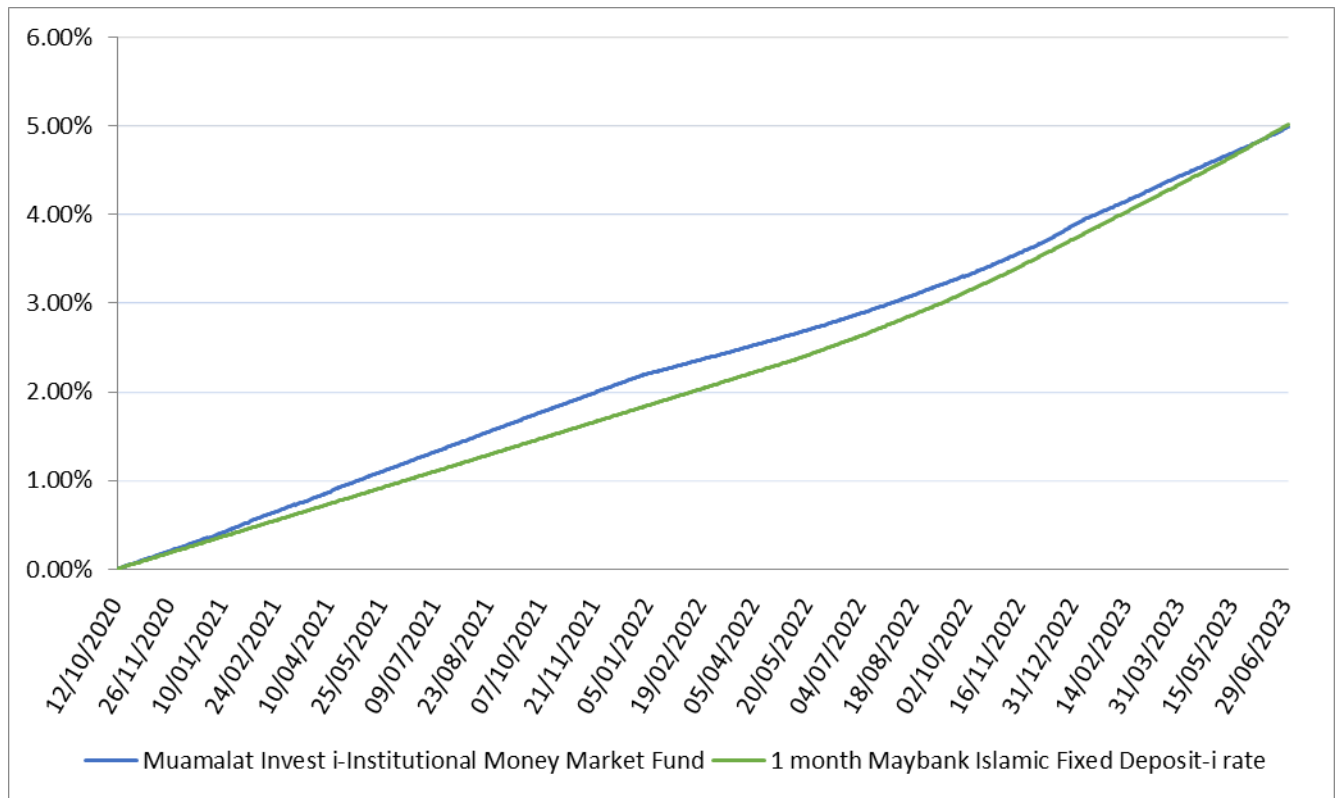
## PERFORMANCE OF FUND AND BENCHMARK

	Average Annual Return	
	Since Inception (12.10.2020 <sup>^</sup> - 30.06.2023)	1 Year (01.07.2022- 30.06.2023)
Muamalat Invest i-Institutional Money Market Fund		
- Capital Return	-	-
- Income Return	1.81%	2.06%
Total Return	1.81%	2.06%
Maybank 1-month IFD-i Rate	1.82%	2.34%

	Total Return		
	2021 (12.10.2020 <sup>^</sup> - 30.06.2021)	2022 (01.07.2021- 30.06.2022)	2023 (01.07.2022- 30.06.2023)
Muamalat Invest i-Institutional Money Market Fund	1.28%	1.57%	2.06%
Maybank 1-month IFD-i Rate	1.07%	1.53%	2.34%

<sup>^</sup> Date of inception

**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
Net Asset Value (RM)*	17,569,205	15,081,775	1,897,481,951
Units In Circulation*	17,569,205	15,081,775	1,897,481,951
Net Asset Value per unit (RM)*	1.0000	1.0000	1.0000

Historical Data	Financial Year / Period Ended 30 June		
	2023	2022	2021
<b>Unit Prices</b>			
NAV Price - Highest (RM)*	1.0000	1.0000	1.0000
- Lowest (RM)*	1.0000	1.0000	1.0000
<b>Distribution and Unit Split</b>			
Gross Distribution Per Unit (sen)	0.1701	0.1470	0.0762
Net Distribution Per Unit (sen)	0.1279	0.1470	0.0762
Distribution Date	29 Jul 2022	29 Jul 2021	28 Oct 2020
NAV before distribution (cum)	1.0000	1.0000	1.0000
NAV after distribution (ex)	1.0000	1.0000	1.0000
Gross Distribution Per Unit (sen)	0.2003	0.1434	0.1365
Net Distribution Per Unit (sen)	0.1507	0.1434	0.1365
Distribution Date	30 Aug 2022	27 Aug 2021	27 Nov 2020
NAV before distribution (cum)	1.0000	1.0000	1.0000
NAV after distribution (ex)	1.0000	1.0000	1.0000
Gross Distribution Per Unit (sen)	0.2014	0.1596	0.1572
Net Distribution Per Unit (sen)	0.1516	0.1596	0.1572
Distribution Date	30 Sep 2022	29 Sep 2021	30 Dec 2020
NAV before distribution (cum)	1.0000	1.0000	1.0000
NAV after distribution (ex)	1.0000	1.0000	1.0000
Gross Distribution Per Unit (sen)	0.2257	0.1398	0.1438
Net Distribution Per Unit (sen)	0.1700	0.1398	0.1438
Distribution Date	31 Oct 2022	28 Oct 2021	27 Jan 2021
NAV before distribution (cum)	1.0000	1.0000	1.0000
NAV after distribution (ex)	1.0000	1.0000	1.0000
Gross Distribution Per Unit (sen)	0.2296	0.1535	0.1442
Net Distribution Per Unit (sen)	0.1731	0.1535	0.1442
Distribution Date	30 Nov 2022	29 Nov 2021	25 Feb 2021
NAV before distribution (cum)	1.0000	1.0000	1.0000
NAV after distribution (ex)	1.0000	1.0000	1.0000

\* The figures quoted are ex-distribution

<b>Historical Data</b>	<b>Financial Year / Period Ended 30 June</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Gross Distribution Per Unit (sen)	0.2782	0.1513	0.1650
Net Distribution Per Unit (sen)	0.2100	0.1513	0.1650
Distribution Date	30 Dec 2022	31 Dec 2021	30 Mar 2021
NAV before distribution (cum)	1.0000	1.0000	1.0000
NAV after distribution (ex)	1.0000	1.0000	1.0000
Gross Distribution Per Unit (sen)	0.2542	0.1417	0.1449
Net Distribution Per Unit (sen)	0.1917	0.1062	0.1449
Distribution Date	31 Jan 2023	31 Jan 2022	28 Apr 2021
NAV before distribution (cum)	1.0000	1.0000	1.0000
NAV after distribution (ex)	1.0000	1.0000	1.0000
Gross Distribution Per Unit (sen)	0.2147	0.1310	0.1477
Net Distribution Per Unit (sen)	0.1618	0.0982	0.1477
Distribution Date	28 Feb 2023	28 Feb 2022	28 May 2021
NAV before distribution (cum)	1.0000	1.0000	1.0000
NAV after distribution (ex)	1.0000	1.0000	1.0000
Gross Distribution Per Unit (sen)	0.2463	0.1470	0.1561
Net Distribution Per Unit (sen)	0.1857	0.1102	0.1561
Distribution Date	31 Mar 2023	31 Mar 2022	29 Jun 2021
NAV before distribution (cum)	1.0000	1.0000	1.0000
NAV after distribution (ex)	1.0000	1.0000	1.0000
Gross Distribution Per Unit (sen)	0.2072	0.1405	-
Net Distribution Per Unit (sen)	0.1561	0.1054	-
Distribution Date	28 April 2023	29 Apr 2022	-
NAV before distribution (cum)	1.0000	1.0000	-
NAV after distribution (ex)	1.0000	1.0000	-
Gross Distribution Per Unit (sen)	0.2561	0.1620	-
Net Distribution Per Unit (sen)	0.1931	0.1216	-
Distribution Date	31 May 2023	31 May 2022	-
NAV before distribution (cum)	1.0000	1.0000	-
NAV after distribution (ex)	1.0000	1.0000	-
Gross Distribution Per Unit (sen)	0.2491	0.1645	-
Net Distribution Per Unit (sen)	0.1879	0.1236	-
Distribution Date	30 Jun 2023	30 Jun 2022	-
NAV before distribution (cum)	1.0000	1.0000	-
NAV after distribution (ex)	1.0000	1.0000	-
Unit Split	-	-	-

Historical Data	Financial Year / Period Ended 30 June		
	2023	2022	2021
<b>Others</b>			
Total Expense Ratio (TER) (%) #	0.09	0.09	0.06
Portfolio Turnover Ratio (PTR) (times) ##	51.87	25.57	15.15

# The TER for the financial year ended 30 June 2023 is consistent with previous financial year ended 30 June 2022.

## The PTR for the financial year ended 30 June 2023 was higher compared with previous financial period ended 30 June 2022 due to lower average net asset value for the financial year ended 30 June 2023.

## DISTRIBUTION

For the financial year under review, the Fund has declared a total net distribution of 2.0596 sen per unit.

## FUND SIZE AND PROFILE OF UNIT HOLDINGS BY SIZE

As at 30 June 2023, the Fund's units in circulation stood at 17,569,205 units with a total of 6 accounts.

Size of Holdings	Account Holders		No. Of Units Held	
	No.	%	Units	%
5,000 and below	-	-	-	-
5,001 to 10,000	-	-	-	-
10,001 to 50,000	-	-	-	-
50,001 to 500,000	-	-	-	-
500,001 and above	6	100.00	17,569,205	100.00
Total	6	100.00	17,569,205	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/dealers.

**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	17,550,173	15,074,919
Bank balance		28,039	18,245
<b>TOTAL ASSETS</b>		<u>17,578,212</u>	<u>15,093,164</u>
<b>LIABILITIES</b>			
Accrued management fee		1,525	1,572
Amount due to Trustee		196	449
Withholding tax payable		7,286	9,368
<b>TOTAL LIABILITIES</b>		<u>9,007</u>	<u>11,389</u>
<b>NET ASSET VALUE</b>		<u>17,569,205</u>	<u>15,081,775</u>
<b>UNITHOLDERS' FUNDS</b>			
Unitholders' capital		<u>17,569,205</u>	<u>15,081,775</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	6	<u>17,569,205</u>	<u>15,081,775</u>
<b>NET ASSET VALUE PER UNIT (EX-DISTRIBUTION)</b>		<u>1.0000</u>	<u>1.0000</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 TO 30 JUNE 2023**

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
<b>INVESTMENT INCOME</b>			
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions		526,527	22,226,768
<b>EXPENSES</b>			
Management fee	7	(13,321)	(840,477)
Trustee's fee	8	(3,806)	(240,136)
Withholding tax		(125,567)	(159,052)
Other expenses		(45)	(65)
		(142,739)	(1,239,730)
Profit before taxation		383,788	20,987,038
Taxation	10	-	-
Profit after taxation and total comprehensive income for the financial year		383,788	20,987,038
Profit after taxation is made up of the following:			
Realised amount		383,788	20,987,038

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>Retained earnings RM</b>	<b>Total RM</b>
Balance as at 1 July 2022	15,081,775	-	15,081,775
Movement in net asset value:			
Total comprehensive income for the financial year	-	383,788	383,788
Creation of units arising from distributions	383,788	-	383,788
Creation of units arising from applications	555,705,000	-	555,705,000
Cancellation of units	(553,601,358)	-	(553,601,358)
Distributions (Note 11)	-	(383,788)	(383,788)
Balance as at 30 June 2023	<u>17,569,205</u>	<u>-</u>	<u>17,569,205</u>
Balance as at 1 July 2021	1,897,481,951	-	1,897,481,951
Movement in net asset value:			
Total comprehensive income for the financial year	-	20,987,038	20,987,038
Creation of units arising from distributions	21,079,885	-	21,079,885
Creation of units arising from applications	16,471,417,367	-	16,471,417,367
Cancellation of units	(18,374,897,428)	-	(18,374,897,428)
Distributions (Note 11)	-	(20,987,038)	(20,987,038)
Balance as at 30 June 2022	<u>15,081,775</u>	<u>-</u>	<u>15,081,775</u>

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>		
Placement of Shariah-compliant deposits with licensed Islamic financial institutions	(988,310,954)	(29,761,991,103)
Proceeds from maturity of Shariah-compliant deposits with licensed Islamic financial institutions	985,841,784	31,642,999,731
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions	520,443	24,186,826
Management fee paid	(13,368)	(1,278,919)
Trustee's fee paid	(4,059)	(365,406)
Payment for other fees and expenses	(45)	(65)
Withholding tax paid	(127,649)	(149,684)
Net cash (used in)/generated from operating activities	<u>(2,093,848)</u>	<u>1,903,401,380</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	555,705,000	16,471,417,367
Payment for cancellation of units	(553,601,358)	(18,374,897,428)
Net cash generated from/(used in) financing activities	<u>2,103,642</u>	<u>(1,903,480,061)</u>
Net increase/(decrease) in cash and cash equivalents	9,794	(78,681)
Cash and cash equivalents at the beginning of the financial year	<u>18,245</u>	<u>96,926</u>
Cash and cash equivalents at the end of the financial year	<u><u>28,039</u></u>	<u><u>18,245</u></u>
Cash and cash equivalents comprise:		
Bank balance	<u><u>28,039</u></u>	<u><u>18,245</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 i-Institutional Money Market Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 18 September 2020 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 September 2020 as amended via its First Supplemental Deed dated 29 March 2023 (collectively referred to as “the Deed”).

The Fund was launched on 12 October 2020 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 placement in Islamic deposits with licensed financial institutions, Islamic money market instruments and any other form of Shariah-compliant 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 generate regular income for unitholders.

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 period.

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 2.10.



## **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 contractual cash flows of the Fund's deposits with licensed Islamic financial institutions 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 bank balance as financial assets at amortised cost as this financial asset is 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.

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.

Islamic deposits with licensed financial institutions are stated at fair value. Due to short-term nature of the Islamic deposits, the cost plus accrued profit calculated based on the effective profit rate method over the period from the date of placement to the date of maturity of the respective Islamic deposits is the reasonable estimate of fair value.

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

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

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

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

#### **(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.

### **2.3 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 and income distribution payable are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit method.

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

### **2.4 Distributions**

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

### **2.5 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 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 unitholders with the total number of outstanding units.

### **2.6 Income recognition**

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).

### **2.7 Taxation**

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

### **2.8 Cash and cash equivalents**

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

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

### **2.10 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 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

#### **- 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 period, 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 or other equivalent rating by any other similar rating agencies.

**3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**Credit risk (continued)

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

	<b>Financial assets at fair value through profit or loss RM</b>	<b>Bank balance RM</b>	<b>Total RM</b>
<b><u>2023</u></b>			
Financial institutions:			
- AAA	5,601,313	28,039	5,629,352
- AA1	1,083,618	-	1,083,618
- AA3	506,594	-	506,594
- AA+	1,334,884	-	1,334,884
- A+	5,081,280	-	5,081,280
- A1	1,600,771	-	1,600,771
- A2	2,341,713	-	2,341,713
	<b>17,550,173</b>	<b>28,039</b>	<b>17,578,212</b>
<b><u>2022</u></b>			
Financial institutions:			
- AAA	3,983,853	18,245	4,002,098
- AA2	1,656,145	-	1,656,145
- A+	3,311,953	-	3,311,953
- A1	1,810,866	-	1,810,866
- A2	4,312,102	-	4,312,102
	<b>15,074,919</b>	<b>18,245</b>	<b>15,093,164</b>

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><u>As at 30.06.2023</u></b>	
Accrued management fee	1,525
Amount due to Trustee	196
	<b>1,721</b>

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

#### Liquidity risk (continued)

	<b><u>Less than 1 month</u></b> <b>RM</b>
<b><u>As at 30.06.2022</u></b>	
Accrued management fee	1,572
Amount due to Trustee	449
	<hr/>
	2,021
	<hr/> <hr/>

#### Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital of RM17,569,205 (2022: RM15,081,775). 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 period 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 financial period date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

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

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

#### 4 FAIR VALUE ESTIMATION (CONTINUED)

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 1 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:

- 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>				
- Shariah-compliant deposits with licensed Islamic financial institutions	-	17,550,173	-	17,550,173
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>2022</u></b>				
<b>Financial assets at fair value through profit or loss</b>				
- Shariah-compliant deposits with licensed Islamic financial institutions	-	15,074,919	-	15,074,919
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

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. 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 non-transferability, which are generally based on available market information. The Fund’s policies on valuation of these financial assets are stated in Note 2.2.

**4 FAIR VALUE ESTIMATION (CONTINUED)**

The Fund has no other financial assets and liabilities at fair value through profit or loss as at 30 June 2023 except Shariah-compliant deposits with licensed Islamic financial institutions of which the carrying value approximates their fair value due to their short-term nature.

**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		
- Shariah-compliant deposits with licensed Islamic financial institutions*	17,550,173	15,074,919

\* Included within the Shariah-compliant deposits with licensed Islamic financial institutions is profit receivable amounting to RM8,771 (2022: RM2,687).

	<u>2023</u>	<u>2022</u>
Weighted average rate of return	3.18%	2.12%
Average days to maturity	13 days	10 days

**6 NUMBER OF UNITS IN CIRCULATION**

	<u>2023</u> Units	<u>2022</u> Units
At the beginning of the financial year	15,081,775	1,897,481,951
Creation of units arising from applications during the financial year	555,705,000	16,471,417,367
Creation of units arising from distributions during the financial year	383,788	21,079,885
Cancellation of units during the financial year	(553,601,358)	(18,374,897,428)
At the end of the financial year	17,569,205	15,081,775

**7 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.

The management fee provided in the financial statements is 0.07% (2022: 0.07%) 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.



## 8 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 0.02% per annum of the net asset value of the Fund, calculated on a daily basis.

The Trustee's fee provided in the financial statements is 0.02% (2022: 0.02%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

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

## 9 AUDIT FEE AND TAX AGENT'S FEE

Audit fee and tax agent's fee of the Fund for the current and previous financial years are borne by the Manager of the Fund.

## 10 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 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 before taxation	383,788	20,987,038
Tax calculated at a tax rate of 24% (2022: 24%)	92,109	5,036,889
Tax effects of:		
- Income not subject to tax	(126,366)	(5,334,424)
- Expenses not deductible for tax purposes	31,060	95,821
- Restriction on tax deductible expenses	3,197	201,714
Tax expense	-	-

## 11 DISTRIBUTIONS

Distributions to unitholders are from the following sources:

	<b><u>2023</u></b> <b>RM</b>	<b><u>2022</u></b> <b>RM</b>
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions	526,527	22,226,768
Less:		
Expenses	(17,172)	(1,080,678)
Withholding tax	(125,567)	(159,052)
	<u>383,788</u>	<u>20,987,038</u>

	<b><u>01.07.2022 to 30.06.2023</u></b>		<b><u>01.07.2021 to 30.06.2022</u></b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
<b><u>Distributions during the financial year</u></b>	<b>sen per unit</b>	<b>sen per unit</b>	<b>sen per unit</b>	<b>sen per unit</b>
29 July 2022 / 29 July 2021	0.1701	0.1279	0.1470	0.1470
30 August 2022 / 27 August 2021	0.2003	0.1507	0.1434	0.1434
30 September 2022 / 29 September 2021	0.2014	0.1516	0.1596	0.1596
31 October 2022 / 28 October 2021	0.2257	0.1700	0.1398	0.1398
30 November 2022 / 29 November 2021	0.2296	0.1731	0.1535	0.1535
30 December 2022 / 31 December 2021	0.2782	0.2100	0.1513	0.1513
31 January 2023 / 31 January 2022	0.2542	0.1917	0.1417	0.1062
28 February 2023 / 28 February 2022	0.2147	0.1618	0.1310	0.0982
31 March 2023 / 31 March 2022	0.2463	0.1857	0.1470	0.1102
28 April 2023 / 29 April 2022	0.2072	0.1561	0.1405	0.1054
31 May 2023 / 31 May 2022	0.2561	0.1931	0.1620	0.1216
30 June 2023 / 30 June 2022	0.2491	0.1879	0.1645	0.1236
	<u>2.7329</u>	<u>2.0596</u>	<u>1.7813</u>	<u>1.5598</u>

Gross distribution is derived using total income less total expenses, while net distribution is derived using total income less total expenses and taxation.

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 withholding tax divided by the number of units in circulation. Distributions are made from current year's realised gains.

Distributions were automatically reinvested into the Fund (by issuing additional units) based on the net asset value per unit on the distribution date, unless the unitholders specifically request for cash distribution.

**12 TOTAL EXPENSE RATIO (“TER”)**

	<u><b>2023</b></u> %	<u><b>2022</b></u> %
TER	<u>0.09</u>	<u>0.09</u>

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><b>2023</b></u>	<u><b>2022</b></u>
The PTR for the financial year (times)	<u>51.87</u>	<u>25.57</u>

The PTR is the ratio of the average placements and deposits 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 AND SIGNIFICANT RELATED PARTY 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 is as follows:

	<u><b>30.06.2023</b></u>	<u><b>30.06.2022</b></u>
	<u>Units</u>	<u>Units</u>
The Manager	<u>708,207</u>	<u>1,691,572</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.

# 14 UNITS HELD BY THE MANAGER AND RELATED PARTIES AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Significant related party transaction during the financial year is as follows:

	<u>2023</u> RM	<u>2022</u> RM
<u>Significant related party transactions</u>		
Profit income from Shariah-compliant deposits with licensed Islamic financial institution:		
- Bank Muamalat Malaysia Berhad	50,292	915,314
	<u>30.06.2023</u>	<u>30.06.2022</u>
<u>Significant related party balance</u>		
Shariah-compliant deposits with licensed Islamic financial institution:		
- Bank Muamalat Malaysia Berhad	2,341,713	1,000,053

Other than those disclosed elsewhere in the financial statements, there were no other significant related party balances as at the end of the financial year.

# 15 TRANSACTIONS WITH FINANCIAL INSTITUTIONS

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

<u>Financial institutions</u>	<u>Value of placements</u> RM	<u>Percentage of total placements</u> %
Maybank Islamic Berhad	183,218,442	18.54
Hong Leong Islamic Bank Berhad	155,130,654	15.70
CIMB Islamic Bank Berhad	108,748,253	11.00
Alliance Islamic Bank Berhad	106,181,213	10.74
MBSB Bank Berhad	75,169,993	7.61
RHB Islamic Bank Berhad	69,123,829	6.99
Kenanga Investment Bank Berhad	63,048,603	6.38
AmBank Islamic Berhad	62,000,123	6.27
Bank Muamalat Malaysia Berhad#	54,728,251	5.54
Kuwait Finance House (Malaysia) Berhad	53,584,300	5.42
Others	57,377,293	5.81
	<u>988,310,954</u>	<u>100.00</u>

# Included in transactions by the Fund are trades with Bank Muamalat Malaysia Berhad, holding company of the Manager amounting to RM54,728,251. The Manager is of the opinion that all transactions with the related company have been entered into at agreed terms between the related parties.

**15 TRANSACTIONS WITH FINANCIAL INSTITUTIONS (CONTINUED)**

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

<b><u>Financial institutions</u></b>	<b><u>Value of placements RM</u></b>	<b><u>Percentage of total placements %</u></b>
Hong Leong Islamic Bank Berhad	5,914,162,762	19.87
CIMB Islamic Bank Berhad	4,661,641,854	15.66
MBSB Bank Berhad	2,953,644,030	9.93
AmBank Islamic Berhad	2,648,933,567	8.90
RHB Islamic Bank Berhad	2,561,516,845	8.61
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad	2,318,786,092	7.79
Public Islamic Bank Berhad	2,068,768,060	6.95
Alliance Islamic Bank Berhad	1,441,250,786	4.84
Kenanga Investment Bank Berhad	1,345,670,635	4.52
Maybank Islamic Berhad	1,229,938,666	4.13
Others *	2,617,677,806	8.80
	<u>29,761,991,103</u>	<u>100.00</u>

\* Included in transactions by the Fund are trades with Bank Muamalat Malaysia Berhad, holding company of the Manager amounting to RM566,550,596. The Manager is of the opinion that all transactions with the related company have been entered into at agreed terms between the related parties.

**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 29 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 I-INSTITUTIONAL MONEY MARKET 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.

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

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 I-INSTITUTIONAL MONEY MARKET 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 requirements 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 I-INSTITUTIONAL MONEY MARKET FUND**

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

**Our opinion**

In our opinion, the financial statements of Muamalat Invest i-Institutional Money Market 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 29.

**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 I-INSTITUTIONAL MONEY MARKET 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 I-INSTITUTIONAL MONEY MARKET 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 I-INSTITUTIONAL MONEY MARKET 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