



MUAMALAT INVEST ISLAMIC EQUITY FUND
(The “Fund”)

INTERIM REPORT 2021

**Incorporating the Unaudited
Financial Statements**

For the six months financial period ended 31 December 2021

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CORPORATE INFORMATION

MANAGER

Muamalat Invest Sdn Bhd

REGISTERED OFFICE

30th Floor, Menara Bumiputra, No.21, Jalan Melaka, 50100 Kuala Lumpur

BUSINESS OFFICE AND OFFICE OF THE REGISTRAR

4th 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

Khairul bin Kamarudin (Chairman)

Dato' Adnan bin Alias

Fakihah binti Azahari

Mohd Faruk bin Abdul Karim (Executive Director)

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

10th Floor, 1 Sentral, Jalan Rakyat

KL Sentral, 50706 Kuala Lumpur

TAX ADVISER

PricewaterhouseCoopers Taxation Services Sdn Bhd

10th Floor, 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 Interim Report of Muamalat Invest Islamic Equity Fund (“the Fund”) incorporating the Unaudited Financial Statements for the six months financial period ended 31 December 2021.

During the financial period under review, the Fund generated a total return of -4.95%* compared to the benchmark return of 0.70%*. Hence, the Fund underperformed the benchmark by 5.65%. The underperformance was mainly attributed by sector and stock selection; and the worsening of the macro-economic outlook as a result of Covid-19, both domestically and globally has impacted the Fund's performance during the financial period.

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

* Source: Novagni Analytics and Advisory Sdn Bhd

MANAGER'S REPORT

Fund Performance Review

During the financial period under review, the Fund generated a total return of -4.95%* compared to the benchmark return of 0.70%*. Hence, the Fund underperformed the benchmark by 5.65%. The underperformance was mainly attributed by sector and stock selection; and the worsening of the macro-economic outlook as a result of Covid-19, both domestically and globally has impacted the Fund's performance during the financial period.

The Fund has not achieved its investment objective for the financial period under review.

The total units in circulation as at 31 December 2021 are 5,103,041 and NAV attributable to unitholders is RM0.7523 per unit.

* Source: Novagni Analytics and Advisory Sdn Bhd

Asset Allocation

The Fund's holdings are shown below:-

Asset Class	31 December 2021	30 June 2021
Equities	84.20%	77.95%
Liquid assets and other net current assets	15.80%	22.05%
Total	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.

Strategies and Policies

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

During the financial period under review, the Fund generated a total return of -4.95%* compared to the benchmark return of 0.70%*. Hence, the Fund underperformed the benchmark by 5.65%. The underperformance was mainly attributed by sector and stock selection; and the worsening of the macro-economic outlook as a result of Covid-19, both domestically and globally has impacted the Fund's performance during the financial period.

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

Market Review

The FBMKLCI Index (FBMKLCI) ended higher at 1567.53 points, up by 34.90 points (+2.28%) versus June-2021. The broader FBM EMAS Shariah Index (FBMS Index) also increased, adding 84.82 points (0.70%) to end at 12,263.10 points. The COVID-19 pandemic remains economically disruptive all over the globe.

Domestically, the COVID-19 cases continue to rise and its highest ever in daily cases 26 August 2021. Matters were made worst in Malaysia due to political instability, where Tan Sri Muhyiddin resigned on 14 August 2021 and was replaced by Ismail Sabri Yaakob from United Malays National Organisation (UMNO).

Inflation was the biggest threat to the global economy in the second half of 2021. The data in the US showed that inflation accelerated to as high as 7.0% in December 2021, its fastest rise ever since 1982. Meanwhile, inflation increased to a 10-year high of 5.4% in the UK.

The Federal Open Market Committee (FOMC) started to taper its asset purchases beginning in mid-November by reducing assets purchases by \$15 billion per month but increased the purchases to \$30 billion per month in December. However, the Bank of England surprised the market by raising the interest rates from 0.1% to 0.25% in December 2021. That makes Britain the first among highly developed or G7 countries that raised the interest rate.

Market Outlook

The global economy continued to recover in the fourth quarter of 2021. Services activity initially improved as advanced economies reopened. However, towards the end of the quarter, the recovery momentum was affected by measures to contain a resurgence in COVID-19 infections in some countries. The resurgence also dampened consumer confidence, further affecting services activity. Strength in manufacturing and trade activity continued, amid early signs of easing in global supply disruptions. Nonetheless, strains in the global supply chain remained elevated.

Growth for the US economy improved to 5.5% (3Q 2021: 4.9%), supported by a broad-based improvement in private consumption. This was underpinned by solid wage growth and employment conditions. Exports rebounded, driven by tourist arrivals as international borders reopened and the resumption in production of petrochemical goods which was disrupted by Hurricane Ida. Inflation increased during the quarter as demand conditions improved and commodity prices remained elevated.

In the euro area, the economy grew by 4.6% (3Q 2021: 3.9%), supported by continued normalisation in the services sector as economies fully reopened at the beginning of the quarter. However, the re-tightening of containment measures in response to a rise in COVID-19 cases in November and December dampened mobility and the strength of the recovery. Manufacturing activity continued to be supported by external demand.

In China, growth moderated to 4% (3Q 2021: 4.9%). This was supported by improvements in manufacturing activity, as disruptions from power outages eased following a ramp-up in coal production. External demand continued to support strong exports growth. However, growth was weighed by services activity due to the re-imposition of localised lockdowns to contain COVID-19 outbreaks. Growth was also dampened by continued weakness in fixed investments, particularly in infrastructure and real estate.

Brent crude oil prices rose to an average of USD80 per barrel during the quarter (3Q 2021 average: USD73 per barrel). Global oil demand continued to recover despite concerns stemming from the emergence of the Omicron variant by the end of November 2021. Oil prices were also supported by the ongoing OPEC+ production cuts, notwithstanding the announcement by the US to release up to 50 million barrels of oil from its strategic petroleum reserves.

The Malaysian economy registered a positive growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%). Growth was supported mainly by improved domestic demand as economic activity normalised following the easing of containment measures under the National Recovery Plan (NRP). The improvement also reflected a recovery in the labour market and continued policy support. In addition, strong external demand amid the continued upcycle in global technology provided a further lift to growth. On the supply side, all economic sectors recorded improvements in growth, led by the services and manufacturing sectors. On the demand side, growth was driven by higher consumption and trade activity. On a quarter-on-quarter seasonally adjusted basis, the economy registered an increase of 6.6% (3Q 2021: -3.6%).

Domestic demand grew by 2.3% (3Q 2021: -4.1%) in the fourth quarter of 2021. This was driven by the improvement in private sector expenditure following the loosening of restrictions. On the external

front, net exports expanded by 2.6% (3Q 2021: -37.5%) due to higher export growth amid strong external demand.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), increased to 3.2% during the quarter (3Q 2021: 2.2%). The higher inflation during the quarter was due mainly to the normalisation in electricity prices following the lapse in the three-month electricity bill discount implemented in July 2021. In addition, higher prices for some core and price-volatile items further contributed to the increase. The higher inflation for these items reflected improved demand conditions amid an environment of elevated costs.

The labour market resumed its recovery trajectory in the fourth quarter of 2021, amid the normalisation of economic activity and recovery in demand conditions. The unemployment rate declined further to 4.3% (3Q 2021: 4.7%). This was driven by a stronger recovery in employment (+166 thousand persons), alongside an encouraging expansion of the labour force (+114 thousand persons). The labour force participation rate increased to 68.7% of the working age population (3Q 2021: 68.3%). The underemployment rate also improved (1.8% of labour force; 3Q 2021: 2.0%) while the population outside the labour force declined to 7.36 million persons (3Q 2021: 7.43 million persons).

The financial account recorded a net outflow of RM2.2 billion (3Q 2021: +RM22.8 billion), as the outflows in the other investment account more than offset the inflows in the direct and portfolio investment accounts. The direct investment account continued to record net inflows of RM9.7 billion (3Q 2021: +RM17.6 billion), underpinned mainly by larger net inflows in foreign direct investment (FDI) of RM24.7 billion (3Q 2021: +RM12.8 billion). This was driven by higher reinvestment of earnings (+RM14.4 billion; 3Q 2021: +RM9.1 billion) as well as inflows from debt instruments (+RM6.8 billion; 3Q 2021: -RM2.6 billion). The net FDI inflows were mainly channelled into the manufacturing and mining sectors as well as the financial services subsector. Direct investment abroad (DIA) turned around to record net outflows of RM15.0 billion in the fourth quarter (3Q 2021: +RM4.7 billion). These investments abroad were primarily channelled into the financial services subsector.

Malaysia's external debt amounted to RM1,070.3 billion, or 69.3% of GDP as at end-December 2021 (end-September 2021: RM1,057 billion or 70.5% of GDP). The increase primarily reflects higher NR holdings of Government domestic debt securities as well as trade credits and intragroup loans. These were partially offset by exchange rate valuation effects following the stronger ringgit against selected regional and major currencies during the quarter.

The Monetary Policy Committee (MPC) maintained the OPR at 1.75% at the November 2021 and January 2022 MPC meetings, considering the current stance of monetary policy to be appropriate and accommodative. The monetary policy stance will continue to be determined by new data and their implications on the overall outlook for inflation and domestic growth.

The international reserves of Bank Negara Malaysia amounted to USD116.3 billion as at 15 December 2021. The reserves position is sufficient to finance 7.9 months of retained imports and is 1.2 times total short-term external debt.

(Source: MARC, Bank Negara Malaysia)

PORTFOLIO STRUCTURE

As at 31 December 2021, the Fund has invested circa 84.20% in equities and the balance in liquid assets and other net current assets.

The Fund's asset allocations are shown below:-

Sectors	As at	As at 30 June	
	31.12.2021	2021	2020
	%	%	%
Equities			
Construction	6.32	3.87	-
Consumer Products	4.11	3.79	-
Energy	6.70	14.73	-
Financial Services	3.48	3.48	-
Health Care	11.83	16.23	-
Industrial Products	3.71	7.61	-
Plantations	8.46	-	-
REITS	10.08	5.44	-
Technology	12.77	13.11	-
Transportation & Logistics	2.60	-	-
Utilities	14.14	9.69	-
	84.20	77.95	-
Liquid assets and other net current assets	15.80	22.05	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

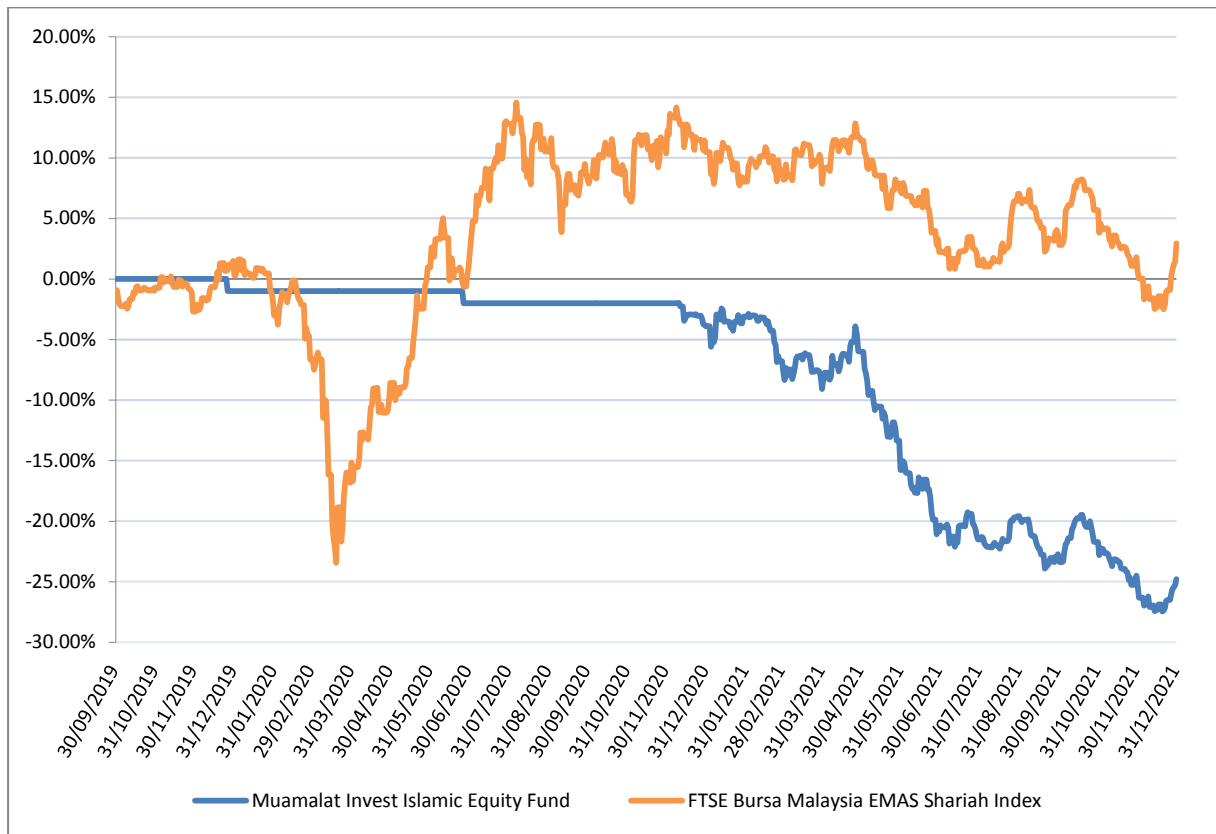
	Average Annual Return	
	Since Inception (03.09.2019 [^] - 31.12.2021)	1 Year (01.01.2021- 31.12.2021)
Muamalat Invest Islamic Equity Fund		
- Capital Return	-11.50%	-21.73%
- Income Return	-	-
Total Return	-11.50%	-21.73%
FTSE Bursa Malaysia EMAS Shariah Index	1.96%	-6.81%

	Total Return		
	2020 (03.09.2019 [^] - 30.06.2020)	2021 (01.07.2020- 30.06.2021)	Period-to-date (01.07.2021- 31.12.2021)
Muamalat Invest Islamic Equity Fund	N/A*	-19.23%	-4.95%
FTSE Bursa Malaysia EMAS Shariah Index	N/A*	1.15%	0.70%

[^] 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 31.12.2021	As At 30 June	
		2021	2020
Net Asset Value (RM)	3,839,031	4,039,169	980
Units In Circulation	5,103,041	5,103,041	1,000
Net Asset Value per unit (RM)	0.7523	0.7915	0.9800

Historical Data	01.07.2021- 31.12.2021	Financial Year/Period Ended 30 June	
		2021	2020
Unit Prices			
NAV Price - Highest (RM)	0.8075	0.9802	1.0000
- Lowest (RM)	0.7254	0.7892	0.9800
Distribution and Unit Split			
Gross Distribution Per Unit (sen)	-	-	-
Net Distribution Per Unit (sen)	-	-	-
Distribution Date	-	-	-
NAV before distribution (cum)	-	-	-
NAV after distribution (ex)	-	-	-
Unit Split	-	-	-
Others			
Management Expense Ratio (MER) (%)	0.98	2.76#	2.01
Portfolio Turnover Ratio (PTR) (times)	0.28	0.78#	-

The MER and PTR for the financial year were higher compared with previous financial period as the Fund has started investments during the financial year under review.

FUND SIZE AND PROFILE OF UNIT HOLDINGS BY SIZE

As at 31 December 2021, the Fund's units in circulation stood at 5,103,041 units with a total of 2 accounts.

Size of Holdings	Account Holders		No. Of Units Held	
	No.	%	Units	%
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 period under review, no soft commission was received from brokers.

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	<u>Note</u>	<u>31.12.2021</u> RM	<u>30.06.2021</u> RM
ASSETS			
Financial assets at fair value through profit or loss	5	3,232,440	3,148,400
Cash and cash equivalents	6	613,565	923,063
Dividend receivables		8,826	10,575
TOTAL ASSET		<u>3,854,831</u>	<u>4,082,038</u>
LIABILITIES			
Accrued management fee		4,775	16,864
Amount due to Trustee		255	16,783
Other payables and accruals		10,770	9,222
TOTAL LIABILITIES		<u>15,800</u>	<u>42,869</u>
NET ASSET VALUE		<u>3,839,031</u>	<u>4,039,169</u>
UNITHOLDER'S FUNDS			
Unitholder's capital		5,001,000	5,001,000
Accumulated losses		(1,161,969)	(961,831)
		<u>3,839,031</u>	<u>4,039,169</u>
NUMBER OF UNITS IN CIRCULATION	7	<u>5,103,041</u>	<u>5,103,041</u>
NET ASSET VALUE PER UNIT		<u>0.7523</u>	<u>0.7915</u>

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

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

	<u>Note</u>	<u>01.07.2021 to 31.12.2021</u> RM	<u>01.07.2020 to 31.12.2020</u> RM
INVESTMENT INCOME			
Dividend income		76,072	-
Profit income from Shariah-compliant deposits with licensed Islamic financial institutions		7,118	4,821
Net loss on investments	5	(237,539)	(93,298)
		(154,349)	(88,477)
EXPENSES			
Management fee	8	(29,904)	(4,887)
Trustee's fee	9	(1,595)	(261)
Audit fee		(3,834)	-
Tax agent fee		(2,557)	-
Transaction costs		(6,532)	(2,594)
Other expenses		(1,367)	-
		(45,789)	(7,742)
Loss before taxation		(200,138)	(96,219)
Taxation	10	-	-
Loss after taxation and total comprehensive loss for the financial period		(200,138)	(96,219)
Loss after taxation is made up of the following:			
Realised amount		(285,714)	(2,921)
Unrealised amount		85,576	(93,298)
		(200,138)	(96,219)

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

	<u>Unitholder's capital</u> RM	<u>Accumulated losses</u> RM	<u>Total</u> RM
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 period	-	(200,138)	(200,138)
Balance as at 31 December 2021	<u>5,001,000</u>	<u>(1,161,969)</u>	<u>3,839,031</u>
Balance as at 1 July 2020	1,000	(20)	980
Movement in net asset value:			
Total comprehensive loss for the financial period	-	(96,219)	(96,219)
Creation of units arising from applications	5,000,000	-	5,000,000
Balance as at 31 December 2020	<u>5,001,000</u>	<u>(96,239)</u>	<u>4,904,761</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

	<u>01.07.2021</u> <u>to 31.12.2021</u> RM	<u>01.07.2020</u> <u>to 31.12.2020</u> RM
CASH FLOWS FROM OPERATING ACTIVITY		
Purchase of investments	(1,095,197)	(834,742)
Proceeds from sale of investments	767,085	-
Dividends received	77,239	-
Profit income received from Shariah-compliant deposits with licensed Islamic financial institutions	7,118	4,821
Management fee paid	(41,993)	-
Trustee's fee paid	(18,123)	-
Payment for other fees and expenses	(5,627)	-
	<hr/>	<hr/>
Net cash used in operating activity	(309,498)	(829,921)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	-	5,000,000
	<hr/>	<hr/>
Net cash generated from financing activities	-	5,000,000
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(309,498)	4,170,079
Cash and cash equivalents at the beginning of the financial period	923,063	980
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial period	613,565	4,171,059
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents comprise:		
Shariah-compliant deposits with licensed Islamic financial institutions	600,054	4,160,314
Bank balance	13,511	10,745
	<hr/>	<hr/>
	613,565	4,171,059
	<hr/> <hr/>	<hr/> <hr/>

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

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

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 between Muamalat Invest Sdn Bhd (“the Manager”) and Maybank Trustees Berhad (“the Trustee”). The Fund is governed by the Deed dated 18 June 2019 (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’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 February 2022.

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 their 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 2021

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2021 that have a material effect on the financial statements of the Fund.

- (b) New standards, amendments and interpretations effective after 1 January 2021 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, 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 and dividends 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 the statement of comprehensive income.

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 presented in statement of comprehensive income in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income 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 interest calculated on the effective interest 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 period.

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 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 Unitholder's 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.

2.5 Income recognition

Dividend income from quoted investments is recognised when the Fund's right to receive payment is established. Dividend income is received from financial assets measured at fair value through profit or loss.

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 period.

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 with licensed Islamic financial institutions that 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 RM3,232,440 (30.06.2021: RM3,148,400) 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 statement of comprehensive income and net asset value is +/- RM161,622 (30.06.2021: RM157,420).

(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:

	Cash and cash equivalents RM	Other financial assets* RM	Total RM
<u>31.12.2021</u>			
Financial institutions:			
- AAA	613,565	-	613,565
Others	-	8,826	8,826
	<u>613,565</u>	<u>8,826</u>	<u>622,391</u>

* Comprise dividend receivables

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

	Cash and cash equivalents RM	Other financial assets* RM	Total RM
30.06.2021			
Financial institutions:			
- AAA	403,628	-	403,628
- AA2	519,435	-	519,435
Others	-	10,575	10,575
	923,063	10,575	933,638

* Comprise dividend receivables

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.

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
31.12.2021			
Accrued management fee	4,775	-	4,775
Amount due to Trustee	255	-	255
Other payables and accruals	-	10,770	10,770
	5,030	10,770	15,800
30.06.2021			
Accrued management fee	16,864	-	16,864
Amount due to Trustee	16,783	-	16,783
Other payables and accruals	-	9,222	9,222
	33,647	9,222	42,869

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital of RM5,001,000 (30.06.2021: RM5,001,000) and accumulated losses of RM1,161,969 (30.06.2021: RM961,831). 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 year/period 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/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.

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.

4 FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

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
<u>31.12.2021</u>				
Investments				
- Quoted investments	3,232,440	-	-	3,232,440
	<u>3,232,440</u>	<u>-</u>	<u>-</u>	<u>3,232,440</u>
<u>30.06.2021</u>				
Investments				
- Quoted investments	3,148,400	-	-	3,148,400
	<u>3,148,400</u>	<u>-</u>	<u>-</u>	<u>3,148,400</u>

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>31.12.2021</u> RM	<u>30.06.2021</u> RM
Financial assets at fair value through profit or loss:		
- quoted investments	3,232,440	3,148,400
	<u>3,232,440</u>	<u>3,148,400</u>
	<u>01.07.2021</u>	<u>01.07.2020</u>
	<u>to 31.12.2021</u>	<u>to 31.12.2020</u>
	RM	RM
Net loss on investments comprised:		
- realised loss on sale of investments	(323,115)	-
- net unrealised gain/(loss) on changes in fair values	85,576	(93,298)
	<u>(237,539)</u>	<u>(93,298)</u>

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

Investments as at 31 December 2021 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair value</u> RM	<u>Percentage</u> <u>of net</u> <u>asset value</u> %
QUOTED INVESTMENTS				
CONSTRUCTION				
Econpile Holdings Berhad	300,000	109,500	97,500	2.54
Gamuda Berhad	50,000	180,650	145,000	3.78
		<u>290,150</u>	<u>242,500</u>	<u>6.32</u>
CONSUMER PRODUCTS				
Bermaz Auto Berhad	100,000	134,250	158,000	4.11
ENERGY				
Dialog Group Berhad	50,000	165,950	131,000	3.41
Malaysia Marine and Heavy Engineering Holdings Berhad	200,000	108,930	79,000	2.06
Serba Dinamik Holdings Berhad	135,000	225,351	47,250	1.23
		<u>500,231</u>	<u>257,250</u>	<u>6.70</u>
FINANCIAL SERVICES				
Bank Islam Malaysia Berhad (formerly known as BIMB Holdings Berhad)	25,000	89,500	75,000	1.95
Syarikat Takaful Malaysia Keluarga Berhad	15,919	46,818	58,900	1.53
		<u>136,318</u>	<u>133,900</u>	<u>3.48</u>
HEALTH CARE				
Hartalega Holdings Berhad	25,000	324,757	143,250	3.73
IHH Healthcare Berhad	30,000	195,879	220,200	5.74
Top Glove Corporation Berhad	35,000	199,000	90,650	2.36
		<u>719,636</u>	<u>454,100</u>	<u>11.83</u>
INDUSTRIAL PRODUCTS				
Sarawak Consolidated Industries Berhad	150,000	287,180	30,750	0.80
UCHI Technologies Berhad	5,000	13,100	15,700	0.41
V.S. Industry Berhad	70,000	86,669	95,900	2.50
		<u>386,949</u>	<u>142,350</u>	<u>3.71</u>

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

Investments as at 31 December 2021 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair value</u> RM	<u>Percentage</u> <u>of net</u> <u>asset value</u> %
QUOTED INVESTMENTS				
(CONTINUED)				
PLANTATIONS				
Kuala Lumpur Kepong Berhad	8,000	162,560	174,240	4.54
Sime Darby Plantation Berhad	40,000	155,600	150,400	3.92
		<u>318,160</u>	<u>324,640</u>	<u>8.46</u>
REITS				
Axis Real Estate Investment Trust	115,000	222,750	223,100	5.81
KLCC Property Holdings Berhad	25,000	167,815	163,750	4.27
		<u>390,565</u>	<u>386,850</u>	<u>10.08</u>
TECHNOLOGY				
Globetronics Technology Berhad	70,000	203,049	116,200	3.03
Inari Amertron Berhad	40,000	133,360	160,000	4.17
My EG Services Berhad	200,000	198,295	214,000	5.57
		<u>534,704</u>	<u>490,200</u>	<u>12.77</u>
TRANSPORTATION & LOGISTICS				
GDEX Berhad	350,000	108,500	99,750	2.60
UTILITIES				
Malakoff Corporation Berhad	300,000	256,500	216,000	5.63
Tenaga Nasional Berhad	35,000	343,950	326,900	8.51
		<u>600,450</u>	<u>542,900</u>	<u>14.14</u>
TOTAL QUOTED INVESTMENTS		<u>4,119,913</u>	<u>3,232,440</u>	<u>84.20</u>

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

Investments as at 30 June 2021 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair value</u> RM	<u>Percentage</u> <u>of net</u> <u>asset value</u> %
QUOTED INVESTMENTS				
CONSTRUCTION				
Gamuda Berhad	50,000	180,650	156,500	3.87
CONSUMER PRODUCTS				
Bermaz Auto Berhad	100,000	134,250	153,000	3.79
ENERGY				
Dialog Group Berhad	50,000	165,950	144,500	3.58
Hibiscus Petroleum Berhad	100,000	68,000	68,500	1.70
Malaysia Marine and Heavy Engineering Holdings Berhad	200,000	108,930	87,000	2.15
Serba Dinamik Holdings Berhad	135,000	225,351	44,550	1.10
Yinson Holdings Berhad	50,000	259,868	250,500	6.20
		828,099	595,050	14.73
FINANCIAL SERVICES				
BIMB Holdings Berhad	25,000	89,500	97,000	2.40
Syarikat Takaful Malaysia Keluarga Berhad	10,000	46,818	43,500	1.08
		136,318	140,500	3.48

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

Investments as at 30 June 2021 are as follows: (continued)

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair value</u> RM	<u>Percentage</u> <u>of net</u> <u>asset value</u> %
QUOTED INVESTMENTS				
(CONTINUED)				
HEALTH CARE				
Hartalega Holdings Berhad	25,000	324,758	183,750	4.55
Kossan Rubber Industries Berhad	50,000	281,070	161,000	3.99
Supermax Corporation Berhad	50,000	318,120	165,000	4.08
Top Glove Corporation Berhad	35,000	199,000	145,950	3.61
		<u>1,122,948</u>	<u>655,700</u>	<u>16.23</u>
INDUSTRIAL PRODUCTS				
Sarawak Consolidated Industries Berhad	150,000	287,180	77,250	1.91
UCHI Technologies Berhad	5,000	13,100	15,250	0.38
V.S. Industry Berhad	150,000	185,720	207,000	5.12
V.S. Industry Berhad – Warrant B 14/06/2024	30,000	-	7,950	0.20
		<u>486,000</u>	<u>307,450</u>	<u>7.61</u>
REITS				
Axis Real Estate Investment Trust	115,000	222,750	219,650	5.44
TECHNOLOGY				
Globetronics Technology Berhad	70,000	203,049	161,000	3.99
Inari Amertron Berhad	60,000	200,040	190,200	4.71
My EG Services Berhad	100,000	198,295	178,000	4.41
		<u>601,384</u>	<u>529,200</u>	<u>13.11</u>
UTILITIES				
Malakoff Corporation Berhad	300,000	256,500	244,500	6.05
Tenaga Nasional Berhad	15,000	152,550	146,850	3.64
		<u>409,050</u>	<u>391,350</u>	<u>9.69</u>
TOTAL QUOTED INVESTMENTS		<u><u>4,121,449</u></u>	<u><u>3,148,400</u></u>	<u><u>77.95</u></u>

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<u>31.12.2021</u> RM	<u>30.06.2021</u> RM
Shariah-based deposits with licensed Islamic financial institutions	600,054	907,064
Bank balance	13,511	15,999
	<u>613,565</u>	<u>923,063</u>

7 NUMBER OF UNITS IN CIRCULATION

	<u>01.07.2021</u> <u>to 31.12.2021</u> Units	<u>01.07.2020</u> <u>to 30.06.2021</u> Units
At the beginning of the financial period/year	5,103,041	1,000
Creation of units arising from applications during the financial period/year	-	5,102,041
At the end of the financial period/year	<u>5,103,041</u>	<u>5,103,041</u>

8 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% (30.06.2021: 1.50%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial period.

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

9 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% (30.06.2021: 0.08%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial period.

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

10 TAXATION

(a) Tax charge for the financial period

	<u>01.07.2021</u> <u>to 31.12.2021</u> RM	<u>01.07.2020</u> <u>to 31.12.2020</u> RM
Current taxation	-	-

(b) Numerical reconciliation of income tax expense

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

	<u>01.07.2021</u> <u>to 31.12.2021</u> RM	<u>01.07.2020</u> <u>to 31.12.2020</u> RM
Loss before taxation	(200,138)	(96,219)
Tax calculated at a tax rate of 24% (2020: 24%)	(48,033)	(23,093)
Tax effects of:		
- Loss not deductible for tax purposes	37,044	21,235
- Expenses not deductible for tax purposes	2,892	685
- Restriction on tax deductible expenses	8,097	1,173
Tax expense	-	-

11 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>01.07.2021</u> <u>to 31.12.2021</u> %	<u>01.07.2020</u> <u>to 31.12.2020</u> %
MER	0.98	0.80

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

12 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>01.07.2021</u> <u>to 31.12.2021</u>	<u>01.07.2020</u> <u>to 31.12.2020</u>
The PTR for the financial period (times)	0.28	0.64

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

13 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>31.12.2021</u>		<u>30.06.2021</u>	
	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>
The Manager	1,000	752	1,000	792
Bank Muamalat Malaysia Berhad	5,102,041	3,838,279	5,102,041	4,038,377
	<u>5,103,041</u>	<u>3,839,031</u>	<u>5,103,041</u>	<u>4,039,169</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 period/year.

There were no related party transactions and balances during the financial period/year.

14 TRANSACTIONS BY THE FUND

Details of transactions by the Fund for the financial period ended 31 December 2021 are as follows:

<u>Brokers/financial institutions</u>	<u>Value of trades</u> <u>RM</u>	<u>Percentage of total trades</u> <u>%</u>	<u>Brokerage fees</u> <u>RM</u>	<u>Percentage of total brokerage fees</u> <u>%</u>
MIDF Amanah Investment Bank Berhad	553,251	29.73	940	24.28
TA Securities Holdings Berhad	538,055	28.91	1,211	31.25
Affin Hwang Investment Bank Berhad	386,824	20.79	870	22.46
Maybank Investment Bank Berhad	162,560	8.73	325	8.39
BIMB Securities Sdn Bhd	129,500	6.96	301	7.77
Alliance Investment Bank Berhad	90,739	4.88	227	5.85
	<u>1,860,929</u>	<u>100.00</u>	<u>3,874</u>	<u>100.00</u>

14 TRANSACTIONS BY THE FUND (CONTINUED)

Details of transactions by the Fund for the financial year ended 30 June 2021 are as follows:

<u>Brokers/financial institutions</u>	<u>Value of trades</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
MIDF Amanah Investment Bank Berhad	1,183,521	28.72	2,033	22.20
CGS-CIMB Securities Sdn Bhd	1,069,151	25.94	2,680	29.26
TA Securities Holdings Berhad	900,818	21.86	2,027	22.13
Alliance Investment Bank Berhad	878,459	21.31	2,196	23.97
BIMB Securities Sdn Bhd	89,500	2.17	224	2.44
	<u>4,121,449</u>	<u>100.00</u>	<u>9,160</u>	<u>100.00</u>

15 FINANCIAL INSTRUMENTS BY CATEGORIES

	<u>31.12.2021</u> RM	<u>30.06.2021</u> RM
<u>Financial assets</u>		
Financial assets at fair value through profit or loss (“FVTPL”)		
- Quoted investments	<u>3,232,440</u>	<u>3,148,400</u>
Financial assets at amortised cost		
- Shariah-compliant deposits with licensed Islamic financial institutions	600,054	907,064
- Bank balance	13,511	15,999
- Dividend receivables	8,826	10,575
	<u>622,391</u>	<u>933,638</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
- Accrued management fee	4,775	16,864
- Amount due to Trustee	255	16,783
- Other payables and accruals	10,770	9,222
	<u>15,800</u>	<u>42,869</u>

16 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

The worsening of the macro-economic outlook as a result of Covid-19, both domestically and globally, has impacted the Fund's performance during the current and previous financial period.

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

STATEMENT BY MANAGER

We, Dato' Adnan bin Alias 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 unaudited 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 31 December 2021 and of its financial performance and cash flows for the financial period ended 31 December 2021 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

On behalf of the Manager

DATO' ADNAN BIN ALIAS
DIRECTOR

MOHD FARUK BIN ABDUL KARIM
DIRECTOR

Kuala Lumpur
25 February 2022

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF MUAMALAT INVEST ISLAMIC EQUITY FUND

We have acted as Trustee for Muamalat Invest Islamic Equity Fund (“the Fund”) for the financial period ended 31 December 2021. To the best of our knowledge, Muamalat Invest Sdn Bhd (“the Manager”) has managed the Fund in the financial period under review in accordance with the following:

1. Limitations imposed on the investment powers of the Manager under the deed, securities laws and Guidelines on Unit Trust Funds;
2. Valuation and pricing of the Fund are carried out in accordance with the deed and any regulatory requirement; and
3. 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)]

JUANITA SUHAIMI
Unit Head, Unit Trust Operations

Kuala Lumpur, Malaysia
25 February 2022

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 complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The asset of the Fund comprises of instruments that have been classified as Shariah compliant.

For **Bank Muamalat Malaysia Berhad**

Azizi Che Seman
Chairman of Shariah Committee for Bank Muamalat Malaysia Berhad

25 February 2022