



ANNUAL REPORT

For The Year Ended
15th January 2022

MIDF AMANAH ASSET MANAGEMENT BERHAD

Level 3A, Menara MIDF
82, Jalan Raja Chulan
50200 Kuala Lumpur

15th January 2022

Dear Unit Holders:

FUND CATEGORY AND TYPE

Fund Category	Equity Fund
Fund Type	Smallcap Fund

ASSET ALLOCATION AS AT 15 JANUARY 2022

Shariah-Compliant Equities	87.5%
Islamic Money Market Instruments and Others	12.5%

PERFORMANCE OF THE FUND

MIDF Amanah Strategic Fund ("MASF")	15/01/2022	15/01/2021	%
Net Asset Value ("NAV") (RM)	15,433,618	16,319,892	-5.43
NAV per Unit (RM)	1.0745	1.0868	-1.13
FBM Small Cap Shariah Index ("FBMSCSM")*	14,500.39	14,738.27	-1.61

**Note: Effective 1 June 2018, FBMSCSM has been identified as the new benchmark for MASF subsequent to its conversion from a conventional fund to a Shariah-compliant fund.*

For the year ended 15 January 2022, the NAV per unit of MASF decreased by 1.13%, but managed to outperform the FBMSCSM on a relative basis.

The key objective of MASF is to achieve long-term capital growth through investment in smaller, high-growth companies. For the period under review, the fund achieved its objective in terms of its performance relative to the benchmark with an outperformance of +0.48% despite the challenging market environment.

The FBMSCSM has been identified as the benchmark for MASF as it is the closest comparable index.

EQUITY MARKET REVIEW

Both global and local markets started positively in 2021 due to growing optimism from economic reopening from the Covid-19 discoveries. However, there was a divergence between global and local markets as the former continued to advance during the first quarter of 2021, extending the positive momentum for the fourth consecutive quarter supported by the roll-out of Covid-19 vaccines and greater than expected stimulus. The roll-out of the Covid-19 vaccination by the governments worldwide further lifted the markets' optimism and improved the outlook of cyclical and value stocks such as energy, financials, and industrials.

Our local market, on the other hand, ended the first quarter of 2021 in the mixed bag with the FBMKLCI closed in March 2021 at 1,573.51 points, with a loss of -0.27% month-on-month (“MoM”) and -3.30% quarter-on-quarter (“QoQ”). FBM Hijrah Shariah posted a higher loss of -1.91% MoM and -6.91% QoQ, underperforming the FBMKLCI due to weaker interest in glove stocks. Meanwhile, the Mid Cap Shariah and Small Cap Shariah gained +0.77% and +0.25%, respectively MoM (QoQ: +6.86% and +6.27%, respectively). The mixed performances were driven by further stimulus from our policymakers, such as the additional economic stimulus package by the Government to support economic growth further, the start of the Sinovac’s vaccines administration, as well as the announcement of two mega rail projects which are the revival of Mass Rapid Transit 3 (MRT3) project and East Coast Rail Link (ECRL).

Wrapping up the second quarter of 2021, the local equity market ended in red across the board. The FBMKLCI closed lower in June at 1,532.63 points (“pts”), with a loss of -3.22% month-on-month (“MoM”) and -2.60% QoQ. The FBMKLCI was rated Asia Pacific’s worst-performing market in the first half of 2021 with a year-to-date (“YTD”) return of -5.81%. The FBM Hijrah Shariah posted much higher losses of -5.25% MoM and -4.20% QoQ, underperforming the FBMKLCI mainly attributed to weak Healthcare and Plantation share prices performance. Meanwhile, the Mid-Cap Shariah and Small-Cap Shariah posted negative returns -3.89% and -4.23% respectively MoM (QoQ: -8.75 % and -7.83% respectively). On the sectoral performance, Transportation & Logistics sector was the only sector that registered quarterly gains of +7.48%, while other sectors underperformed.

The third quarter of 2021 saw mixed performances across the global equity markets. Equities of the developed market were broadly flat over the quarter after a sell-off in late September 2021, erasing the quarter’s prior gains. The MSCI World, MSCI Europe and MSCI EAFE index recorded returns of -0.35%, +0.34% and -1.03% respectively quarter-on-quarter (“QoQ”). Meanwhile, emerging market equities fell sharply, posted negative returns of -8.84% for the quarter amid concerns over continued supply chain disruptions, higher energy prices, potential hike in global interest rates and rising Covid-19 cases that could potentially derail the global recovery. The gradual reopening of businesses globally had significantly driven up commodity prices. Over the third quarter, crude oil, natural gas and crude palm oil prices posted QoQ gains of +4.51%, +60.74%, and +27.79% respectively while metal prices such as aluminum and steel rose +13.11% and +19.25% respectively.

After a pullback in September 2021, major equity markets worldwide recovered in October 2021 supported by encouraging 3Q21 corporate earnings. Major indices ended the month higher with MSCI World, MSCI Europe, MSCI Emerging Markets, and MSCI ASEAN registered returns of +5.6%, +4.5%, +0.9% and +4.3% respectively month-on-month (“MoM”), while Asia Pacific equities were flat for the month. Despite a bullish start to the final quarter of 2021, concerns over rising energy prices and supply chain bottlenecks continued to dominate market sentiments. The combination of strong demand and supply constraints had pushed oil prices to a 7-year high of US\$ 85 per barrel as the recovery demand from the pandemic continues to drive increased energy usage.

Global equities fell in November 2021, with fears over several news flow that spooks the markets. The world saw a spike in the number of Covid-19 cases in mid-November 2021. A new heavily mutated variant of the Covid-19 “Omicron” has just recently been discovered and first reported in South Africa on the 24th November 2021. The fifth variant of concern (“VOC”) which has more than 30 mutations is believed to be more transmissible and wildly different from any other variant seen to date. Companies sensitive to Covid-19 restrictions and highly reliant on reopening, such as airlines and energy, were hit hard. Major indices ended the month lower with MSCI World, MSCI Europe, MSCI Emerging Markets, MSCI Asia Pacific and MSCI ASEAN posted returns of -2.3%, -3.9%, -4.1%, -3.8% and -5.1% respectively MoM.

On the domestic front, the Bank Negara Malaysia (“BNM”) during its final 2021 Monetary Policy Committee (“MPC”) decided to maintain the overnight policy rate (“OPR”) at 1.75%. The decision was made after considering that risks to Malaysia’s economic growth outlook remain weaker than expected on both external and domestic factors. Malaysia’s third-quarter gross domestic product (“GDP”) slipped back into contraction by -4.5% YoY (-3.6% QoQ), mainly due to enhanced lockdown measures imposed to stop the third wave of Covid-19. However, Malaysia’s full-year GDP is on track to achieve growth of between 3% and 4% in 2021 and further expand between 5.5% and 6.5% in 2022.

Malaysian stock market indices across the local bourse ended in red in November 2021 due to investors’ concerns over the negative earnings impact from Cukai Makmur as well as the removal of tax exemptions on foreign source income. The FBMKLCI fell -3.1% MoM in November 2021 to close at 1,513.98 points while the FBM Hijrah Shariah declined the least by -2.4% to close at 12,806.76, outperforming the FBMKLCI due to some renewed buying interest in glove stocks as Covid resurges in Europe. Meanwhile, Mid-Cap and Small-Cap Shariah both were among the top loser declined by -8.1% and -7.8% respectively mainly due to lower retail investor participations. On the sustainability index performance, FTSE4Good Bursa Malaysia fell by -3.7% against FTSE4Good Bursa Malaysia Shariah which fell by -3.3% due to weaker performance of finance stocks. On the sectoral performance, only Healthcare (+0.4%) and Technology (+0.4%) sectors posted positive returns although the gains in both sectors were modest. Energy, Property and Transportation sector were the main laggards registered negative returns of -12.0%, -9.3% and -7.5% respectively.

Some notable key events in December 2021 were the heavy rainfall that caused floods and mass evacuations and likely resulting losses to local businesses. On the economic and policy fronts, the Dewan Rakyat passed the Supply Bill (Budget) 2022 at the committee stage on 13 December 2021 while there was uncertainty surrounding the 5G deployment in Malaysia as Communications and Multimedia Minister Tan Sri Annuar Musa said the Cabinet is still discussing on whether to deploy it via a single wholesale network system or have multiple systems. Other than that, Malaysia’s economic recovery is likely to rebound between 5.5-6.5% in 2022, driven by healthy domestic demand and continued growth in exports.

At the end of December 2021, FBM KLCI closed at 1,567.53 points on the last day of 2021, netting a gain of 3.5% MoM in December 2021, while FBM Hijrah registered 1.80% MoM gain. These gains were mainly driven by window-dressing activities and the government's decision to extend foreign source income tax exemption and reinstate a higher stamp duty cap on share transactions from 10% to 15%, partially offset by concerns over the potential impact of flooding in Malaysia on corporate earnings and the Omicron virus impact on the border reopening plans. Over the course of 2021, both indices were in red, with FBM KLCI recording a loss of -3.7% and FBM Hijrah with -10.5%. There were six out of thirteen sectors posted positive gains MoM with Bursa Malaysia Industrial Production was the best performer with 3.9% gain while Bursa Malaysia Healthcare was the worst with -4.8%. In the one-year horizon, Bursa Malaysia Technology was the best sector with a 38.6% positive return, while Bursa Malaysia Healthcare was the worst performer with a negative return of -34.6% as the sector was being dragged by glove counters underperformance.

For the period under review, the Fund's benchmark FBMSCSM closed at 14,500.39 points or up by 0.24%, outperforming the FBMKLCI and FBM Emas Hijrah Shariah Index which posted returns of -0.43% and -9.95% respectively.

INVESTMENT OUTLOOK AND STRATEGY

The lackluster performance of the FBM KLCI was primarily contributed by investors worried about Cukai Makmur or the prosperity tax which will wipe out nominal FBM KLCI earnings growth for the financial year of 2022, and the economy slowing down again because of the new Covid-19 variant, Omicron. The advent of the Omicron variant of the coronavirus risks posing new challenges for central bankers across the world by threatening economic growth while adding to inflation pressures moving forward. With Omicron Covid-19 variant emergence, many countries have put restrictions on travel to the Southern Africa countries in order to at least slow the virus' spread. Malaysia on 2nd December 2021 detected its first case involving the Omicron variant of Covid-19 after a South African national tested positive for it. Malaysia which has reported more than 2.6 million coronavirus cases, has gradually reopened its borders to travelers in recent weeks as infections have slowed amid a high vaccination rate, has temporarily banned the entry of travelers from countries that have reported the Omicron Covid-19 variant or are considered high-risk. The travel ban applies to eight African countries, including South Africa, Zimbabwe, Mozambique and Malawi, but could be extended to other nations where the variant has been detected, such as Britain and the Netherlands. Malaysia will also delay plans to set up Vaccinated Travel Lanes ("VTL") with the affected countries, and reimpose quarantine requirements for Malaysian citizens and long-term residents returning from those nations, regardless of their vaccination status. The spread of the Covid-19 Omicron variant across the world could further delay the travel industry's recovery.

Technology sector will continue to be one of our main core sectors in our Islamic portfolio positioning moving forward, as we believe that this sector will be the driver to achieve the stated aims in the 12th Malaysia Plan and expansionary Budget 2022. In addition, the digitalisation of the economy should be prioritised to capitalise on a population that is increasingly adopting the latest technologies to manage their daily lives, such as e-wallets and internet banking. We are also positive on Automotive, underpinned by the recovery of the country's economy as the extension of the sales tax exemption for another six months, until 30th June 2022. Furthermore, the announcement that electric vehicles ("EV") to be completely exempted from import duty, excise duty, and sales tax is also good news as this might spur demand for EVs in Malaysia. On top of that, there will be up to 100% road tax exemption and RM 2,500 income tax relief on the cost of purchasing and installing, renting, or taking up hire purchase facilities, as well as subscription payments of EV charging facilities. We are also overweight on sectors in line with the 12th Malaysia Plan, such as Renewable Energy and Water Utility, Export-oriented sectors such as Electronics Manufacturing Services ("EMS"), and commodities-based sectors such as Energy.

Going into 2022, the growth momentum is expected to improve, supported by expansion in global demand, higher private-sector expenditure in line with the resumption of economic activity and continued policy support. The recovery will be supported by high levels of vaccination, where nearly 76% of the entire population is fully vaccinated, or 95% of adults and 78% of adolescents. Thus far, over 730,000 booster doses have been administered to frontliners as well as vulnerable groups, providing additional safeguards to our health care system in the event of a new wave of Covid-19 cases and more threatening Covid-19 variants. Risks to the growth outlook, however, remain tilted to the downside due to external and domestic factors. A new wave of Covid-19 cases and heightened domestic political uncertainty will remain our key risks that need to be closely monitored as it will dampen the overall sentiment, forcing investors to shift their asset allocation towards safer assets or worst stay on the sideline. On the external front, our key risks are earlier than expected interest rate hikes by the central banks worldwide and the emergence of new more infectious and lethal Covid-19 variants. Furthermore, geopolitical events such as the deterioration of the US-China relationship, scrimmages in the South-China Sea between China and its neighbouring nations on territorial rights, or instability in the Middle Eastern region may also heighten volatility.

As such, our restructuring strategy in essence involves a balanced approach between defensive and cyclical growth industries which are still relevant in the current volatile investment backdrop, necessary to manage Islamic portfolio risks effectively. Accordingly, we maintain our Shariah-compliant stock selection strategy to remain towards sectors that are more resilient in growth. Therefore, we will continue to overweight on sectors such as Technology, Exporters, Water Utilities, and Renewable Energy due to better earnings growth potentials and visibility than the other sectors while also inclining towards high dividend-yielding stocks, which provide some defensiveness and are likely to continue doing well in the current low yield environment. Overall, investment strategy going forward will centre around astute stock picking, nibbling value, and cyclical names on weakness, with core holdings in growth, defensive, and high-yielding stocks. Barring any unforeseen circumstances and significant external shocks, our Islamic portfolio tactical equity exposure is expected to be on average between 80% to 85%, as it provides the flexibility for the Islamic portfolio to be agile and nimble.

CURRENT PROFILE OF UNITHOLDINGS BY SIZE

Size of Unitholdings	No. of Unit holders	No. of Units Held	% of Unit holders
5,000 and below	1,896	2,089,345	75.39
5,001 to 10,000	251	1,760,624	9.98
10,001 to 50,000	319	6,583,689	12.68
50,001 to 500,000	49	3,929,656	1.95
500,001 and above	-	-	-
	2,515	14,363,314	100.00

PORTFOLIO COMPOSITION

	As at 15.01.2022 %	As at 15.01.2021 %	As at 15.01.2020 %
Construction	5.8	10.8	12.6
Consumer Products	9.7	12.5	10.8
Energy	1.2	3.9	-
Healthcare	0.6	6.4	-
Industrial Products	34.8	21.4	34.4
Plantation	0.6	-	-
Technology	33.4	24.4	11.2
Telecommunications & Media	-	-	1.6
Transportation & Logistics	0.6	6.9	3.6
Warrants	0.8	-	-
Cash and other Net Assets	12.5	13.7	25.8
	100.00	100.00	100.00

PERFORMANCE DATA

		As at 15.01.2022	As at 15.01.2021	As at 15.01.2020
Net Asset Value	[RM]	15,433,618	16,319,892	15,661,281
Units in Circulation	[Units]	14,363,314	15,015,972	15,690,984
Net Asset Value per Unit	[RM]	1.0745	1.0868	0.9981
Highest NAV*	[RM]	1.2038	1.0888	1.0010
Lowest NAV*	[RM]	0.9948	0.6371	0.9130
Total Return: - Capital Growth	[%]	-1.13	8.89	6.73
- Income Distribution		Nil	Nil	Nil
Management Expenses Ratio (MER) ¹	[%]	1.76	1.74	1.74
Portfolio Turnover Ratio (PTR) ²	[x]	0.81	1.09	1.14

Notes:

* The highest/lowest selling and buying prices are adjusted prices after taking into account the distribution of income made at the financial year-end ("FYE").

¹ The MER registered for 2022 was at 1.76%.

² The PTR for 2022 was lower at 0.81 times as compared to 1.09 times in 2021 due to lower trading activity amid high uncertainties during the period under review.

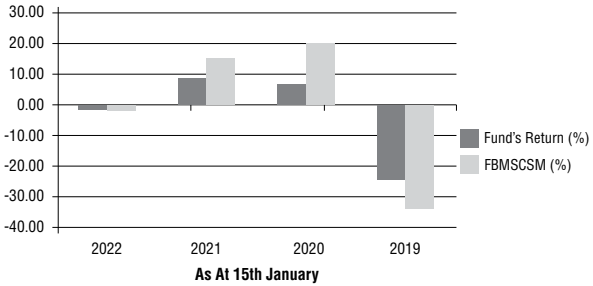
ANNUAL TOTAL RETURN

MIDF AMANAH STRATEGIC FUND				
As At 15th January	2022	2021	2020	2019
Fund's Return (%)	-1.13	8.89	6.73	-24.10
*FBMSCSM (%)	-1.61	15.32	20.29	-33.74

* Source: Bloomberg

Note: Effective 1 June 2018, FBMSCSM has been identified as the new benchmark for MASF subsequent to its conversion from a conventional fund to a Shariah-compliant fund. Therefore, data on the annual total return of the fund against its new comparable benchmark (i.e. FBMSCSM) for year 2018 are not available.

MIDF AMANAH STRATEGIC FUND



AVERAGE TOTAL RETURN

	The Fund	FBMSCSM*
One Year	-1.13%	-1.61%
Three Years	4.97%	12.16%

* Note: Effective 1 June 2018, FBMSCSM has been identified as the new benchmark for MASF subsequent to its conversion from a conventional fund to a Shariah-compliant fund. Therefore, data on the average total return of the fund against its new comparable benchmark (i.e. FBMSCSM) for Five years are not available.

Average total return is derived using the following formula:

$$\frac{\text{Total Returns}}{\text{Number of Years Under Review}}$$

Investors are advised that the past performance of the Fund is not an indication of future performance. In addition, the unit price and investment return (if any) may go down as well as up.

Yours faithfully
MIDF Amanah Asset Management Berhad

Mohamed Sany Mohamad Zainudin
Director

Date: 24 February 2022

MANAGER'S REPORT

The Manager hereby submit its report and the audited financial statements of the MIDF Amanah Strategic Fund ("the Fund") for the financial year ended 15 January 2022.

PRINCIPAL ACTIVITIES OF THE MANAGER

The principal activities of the Manager are the provision of Islamic fund management and Islamic investment advisory services.

There have been no significant changes in these principal activities during the financial year.

INVESTMENTS OF THE FUND

A summary of the Fund's investments at cost are as follows:

Sector	Aggregate cost as at	Acquisitions	Disposal	Aggregate cost as at
	16.01.2021			15.01.2022
	RM	RM	RM	RM
Construction	2,318,581	955,021	(2,213,972)	1,059,630
Consumer Products and Services	1,984,829	1,004,830	(1,400,398)	1,589,261
Energy	472,708	185,506	(467,657)	190,557
Health Care	1,008,453	-	(943,164)	65,289
Industrial Products and Services	3,285,285	5,841,314	(4,059,812)	5,066,787
Plantation	-	100,028	-	100,028
Technology	2,439,583	4,564,084	(2,495,751)	4,507,916
Transportation & Logistics	1,183,728	161,025	(1,232,731)	112,022
Utilities	-	24,726	(24,726)	-
	<u>12,693,167</u>	<u>12,836,534</u>	<u>(12,838,211)</u>	<u>12,691,490</u>
Result				RM
Net loss after tax				<u>(170,447)</u>

In the opinion of the Manager, the result of the operation of the Fund during the financial year has not been substantially affected by any item, transaction or event of a material and unusual nature.

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve long term capital growth through investments in smaller, high growth companies.

MANAGEMENT FEES

During the financial year, the Manager is entitled to a management fee of RM242,957 (2021: RM216,552). The Manager's fee is computed on a daily basis at 1.50% (2020: 1.50%) per annum of the Net Asset Value ("NAV") of the Fund before deducting the Manager's and Trustee's fees for that particular day.

DISTRIBUTION

Unit holders are given the option whether to reinvest or have payment by cheque for the income due to them (if any). For reinvestment of income distribution, it will be based on the NAV per unit (ex-distribution) at the close of the date the income distribution is declared with sales charge imposed. Besides, the Manager reserves the right to reinvest any distributed income, which is less than RM250 as it is not cost efficient to distribute payment of income to the unit holders. As for income distribution paid by cheque, cheques issued to unit holders will become void after 6 months from the distribution payment date. In the event that the cheque is unrepresented for payment upon its expiry date, it would be automatically reinvested into units at NAV per unit of the Fund valued on the expiry date of the cheque.

The Manager did not propose any distribution for the financial year ended 15 January 2022 (2021: Nil).

UNIT SPLIT

No unit split was made during the financial year ended 15 January 2022 (2021: Nil).

CHANGES IN VALUE OF FUND

The changes in value of fund are reflected in the statement of changes in equity.

POLICY ON STOCKBROKING REBATES AND SOFT COMMISSION

It is our policy to return all rebates from stockbrokers to the respective Funds. However, soft commissions from stockbrokers (if any) will be retained by the Manager only if the goods and services are of demonstrable benefit to the unit holders.

The Manager received soft commissions from stockbrokers in the form of investment tools that were used to support investment decisions, research materials and data quotation services, e.g. Bloomberg, incidental to the investment management of the Fund.

DIRECTORS OF THE MANAGER

The directors of the Manager since the beginning of the current financial year to the date of this report are:

Hasnah Omar

Dato' Charon Wardini Mokhzani

Datuk Joseph Dominic Silva

Tai Keat Chai

Ahlan Nasri Mohd Nasir

Hasman Yusri Yusoff

Mohamed Sany Mohamed Zainudin

For and on behalf of the Manager

MIDF Amanah Asset Management Berhad

HASNAH OMAR

Director

MOHAMED SANY MOHAMED ZAINUDIN

Director

Kuala Lumpur, Malaysia

Date: 24 February 2022

**TRUSTEE'S REPORT
FOR THE FINANCIAL YEAR ENDED 15 JANUARY 2022**

To the unit holders of
MIDF AMANAH STRATEGIC FUND

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of MIDF AMANAH STRATEGIC FUND for the financial year ended 15 January 2022. In our opinion, MIDF AMANAH ASSET MANAGEMENT BERHAD, the Manager, has operated and managed MIDF AMANAH STRATEGIC FUND in accordance with the limitations imposed on the investment powers of the management company under the Deed, securities laws and the applicable Guidelines on Unit Trust Funds during the financial year then ended.

We are also of the opinion that:

- (a) Valuation and pricing is carried out in accordance with the Deed and any regulatory requirement; and
- (b) Creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirement.

Yours faithfully
AMANAHRAYA TRUSTEES BERHAD

ZAINUDIN BIN SUHAIMI
Chief Executive Officer

Kuala Lumpur, Malaysia
8 February 2022

**SHARIAH ADVISER'S REPORT
FOR THE FINANCIAL YEAR ENDED 15 JANUARY 2022**

To the unit holders of
MIDF AMANAH STRATEGIC FUND (“the Fund”)

We hereby confirm the following:

- 1 To the best of our knowledge, after having made all reasonable enquiries, **MIDF AMANAH ASSET MANAGEMENT BERHAD** has operated and managed the Fund during the period covered by these financial statements in accordance with Shariah principles 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 comprises of Shariah-compliant securities and Islamic money market instruments that have been classified as Shariah-compliant by either the Shariah Advisory Council of the Securities Commission or that of Bank Negara Malaysia.

The Shariah Committee of MIDF Amanah Investment Bank Berhad as Shariah Adviser for **MIDF Amanah Strategic Fund** consists of the following members:

DR. MOHAMAD SABRI ZAKARIA

ASSOC. PROF. DR. SITI SALWANI RAZALI

DR. MUHAMMAD NAJIB ABDULLAH

ENCIK AHMAD LUTFI ABDULL MUTALIP @ TALIB

Signed on behalf of the members,

DR. MOHAMAD SABRI ZAKARIA

Chairman, Shariah Committee
MIDF Amanah Investment Bank Berhad

Date: 14 February 2022

STATEMENT BY MANAGER

We, Hasnah Omar and Mohamed Sany Mohamed Zainudin, being two of the Directors of MIDF Amanah Asset Management Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 18 to 46 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of MIDF Amanah Strategic Fund as at 15 January 2022 and of its financial performance and cash flows for the financial year then ended.

On behalf of the Manager

MIDF Amanah Asset Management Berhad

HASNAH OMAR

Director

MOHAMED SANY MOHAMED ZAINUDIN

Director

Kuala Lumpur, Malaysia

Date: 24 February 2022

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MIDF Amanah Strategic Fund (“the Fund”), which comprise the statement of financial position as at 15 January 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 18 to 46.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 15 January 2022, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 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 auditor’s report thereon

The Manager of the Fund (“the Manager”) is responsible for the other information. The other information comprises the information included in the Manager’s report and annual report of the Fund, but does not include the financial statements of the Fund and our auditors’ report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF MIDF AMANAH STRATEGIC FUND (CONT'D.)

Responsibilities of the Manager and Trustee for the financial statements

The Manager is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with the approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- 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.
- 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.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF MIDF AMANAH STRATEGIC FUND (CONT'D.)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- 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.
- 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.

Other matters

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003
(LLP0022760-LCA)
& AF 0039
Chartered Accountants

Yap Kah Foo
No. 03574/05/2023 J
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 24 February 2022

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 15 JANUARY 2022**

	Note	2022 RM	2021 RM
INVESTMENT INCOME			
Dividend income		250,664	255,803
Profit income from Islamic deposits with financial institutions		38,655	64,438
Net (loss)/gain from financial assets at fair value through profit or loss ("FVTPL")	7	<u>(79,447)</u>	<u>1,359,770</u>
		<u>209,872</u>	<u>1,680,011</u>
EXPENSES			
Manager's fee	3	(242,957)	(216,552)
Trustee's fee	4	(12,958)	(11,549)
Brokerage fee		(65,904)	(78,722)
Auditors' remuneration		(6,500)	(6,500)
Tax agent's fee		(2,200)	(2,200)
Administrative expenses		<u>(49,800)</u>	<u>(28,113)</u>
		<u>(380,319)</u>	<u>(343,636)</u>
Net (loss)/income before tax		(170,447)	1,336,375
Income tax expense	5	<u>-</u>	<u>-</u>
Net (loss)/income after tax representing total comprehensive (loss)/income for the financial year		<u>(170,447)</u>	<u>1,336,375</u>
Net (loss)/income after tax is made up of the following:			
Net realised gain		406,457	1,064,404
Net unrealised (loss)/gain		<u>(576,904)</u>	<u>271,971</u>
		<u>(170,447)</u>	<u>1,336,375</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 15 JANUARY 2022**

	Note	2022 RM	2021 RM
ASSETS			
Financial assets at FVTPL	7	13,500,787	14,079,368
Islamic deposits with financial institutions	8	1,936,076	2,173,000
Other receivables		20,225	15,167
Amount due from brokers		83,140	138,028
Cash at bank		1,350	4,732
TOTAL ASSETS		<u>15,541,578</u>	<u>16,410,295</u>
LIABILITIES			
Other payables		25,166	58,575
Amount due to brokers		50,215	-
Due to Manager		30,866	30,153
Due to Trustee		1,713	1,675
TOTAL LIABILITIES		<u>107,960</u>	<u>90,403</u>
EQUITY			
Unit holders' capital	10(a)	(13,912,085)	(13,196,258)
Retained earnings	10(b), 10(c)	29,345,703	29,516,150
TOTAL EQUITY, REPRESENTING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS		<u>15,433,618</u>	<u>16,319,892</u>
TOTAL EQUITY AND LIABILITIES		<u>15,541,578</u>	<u>16,410,295</u>
UNITS IN CIRCULATION	10(a)	<u>14,363,314</u>	<u>15,015,972</u>
NAV PER UNIT (RM)		<u>1.0745</u>	<u>1.0868</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 15 JANUARY 2022**

	Unit holders' capital Note 10(a) RM	Retained earnings Note 10(b) and (c) RM	Total equity RM
As at 16 January 2020	(12,518,494)	28,179,775	15,661,281
Total comprehensive income for the financial year	-	1,336,375	1,336,375
Creation of units	108,277	-	108,277
Distribution equalisation	(218,856)	-	(218,856)
Cancellation of units	(567,185)	-	(567,185)
As at 15 January 2021	<u>(13,196,258)</u>	<u>29,516,150</u>	<u>16,319,892</u>
As at 16 January 2021	(13,196,258)	29,516,150	16,319,892
Total comprehensive loss for the financial year	-	(170,447)	(170,447)
Creation of units	342,762	-	342,762
Distribution equalisation	(270,362)	-	(270,362)
Cancellation of units	(788,227)	-	(788,227)
As at 15 January 2022	<u>(13,912,085)</u>	<u>29,345,703</u>	<u>15,433,618</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 15 JANUARY 2022**

	Note	2022 RM	2021 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of investments		13,343,656	14,956,031
Purchase of investments		(12,835,295)	(16,328,797)
Dividends received		244,781	273,461
Profit income received		38,580	64,778
Manager's fee paid		(242,244)	(215,548)
Trustee's fee paid		(12,920)	(11,496)
Auditor's remuneration paid		(6,500)	(6,500)
Tax agent's fee paid		(4,400)	-
Payment for other fees and expenses		<u>(50,137)</u>	<u>(11,165)</u>
Net cash generated from/(used in) operating and investing activities		<u>475,521</u>	<u>(1,279,236)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		553,991	167,558
Cash payment for units cancelled		<u>(1,269,818)</u>	<u>(845,322)</u>
Net cash used in financing activities		<u>(715,827)</u>	<u>(677,764)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(240,306)	(1,957,000)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		2,177,732	4,134,732
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		<u>1,937,426</u>	<u>2,177,732</u>
Cash and cash equivalents comprise:			
Cash at bank		1,350	4,732
Islamic deposits with financial institutions	8	<u>1,936,076</u>	<u>2,173,000</u>
		<u>1,937,426</u>	<u>2,177,732</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The MIDF Amanah Strategic Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 1 June 1970 and the various Supplemental Deeds between Asia Unit Trusts Berhad (“AUTB”), Amanah Raya Berhad and the Registered Holders of the Fund. The Deed and its respective Supplemental Deeds were consolidated on 18 December 1998. The various Master Supplemental Deeds were executed on 1 November 2001 and 31 October 2002. The Fund will continue its operations until terminated by the Trustee as provided under Part 13.2 of the Master Supplemental Deed dated 1 November 2001. On 6 November 2008, the Fourth Master Supplemental Deed was executed between the AUTB, Amanah Raya Berhad and AmanahRaya Trustees Berhad, whereby Amanah Raya Berhad will transfer and assign its rights, duties and obligation under the Master Deed with respect to the Fund and its assets to AmanahRaya Trustees Berhad. The effective date of the transfer was 28 November 2008. The various Master Supplemental Deeds were executed between 6 November 2008 and 12 April 2018. The Tenth Master Supplemental Deed with respect to the Shariah matters was executed on 12 April 2018.

AUTB, MIDF Amanah Asset Management Berhad and AmanahRaya Trustees Berhad have entered into a novation agreement dated 18 November 2009 to transfer and assign the management of the unit trusts to MIDF Amanah Asset Management Berhad all the rights, duties and obligations on and from the date a Master Supplemental Deed relating to the Funds has been registered with Securities Commission (“SC”) or such other date as may be agreed by the Parties hereto. The effective date of the transfer was 1 January 2010 and subsequent from the date, the Fund changed its name to MIDF Amanah Strategic Fund.

The principal activity of the Fund is to invest in Authorised Investments as defined in the Deed, which includes Shariah-compliant securities quoted on the Bursa Malaysia Berhad (“Bursa Malaysia”), Islamic deposits and any other form of Islamic financial facility with licensed financial institutions. The registered office of the Fund is located at Level 21, Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur.

The Manager, MIDF Amanah Asset Management Berhad, a company incorporated in Malaysia, is a wholly-owned subsidiary of Malaysian Industrial Development Finance Berhad, whereas, Permodalan Nasional Berhad (“PNB”) and Yayasan Pelaburan Bumiputra (“YPB”) are the penultimate and ultimate holding companies respectively. The holding companies are incorporated in Malaysia.

The principal activities of the Manager are the provision of Islamic fund management and Islamic investment advisory services.

The financial statements were approved and authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 24 February 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”) and the Securities Commission’s Guidelines on Unit Trust Funds in Malaysia.

The financial statements of the Fund have been prepared under the historical cost convention, unless otherwise stated in the accounting policies. The financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s functional currency.

(b) New standards and amendments issued

The Fund has adopted the Standards, Amendments to Standards and Interpretations issued by the Malaysian Accounting Standards Board (“MASB”) which have become effective during the financial year. The adoption of the new pronouncements did not result in any material impact to the financial statements.

As at the date of authorisation of these financial statements, the following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective and have not been adopted by the Fund.

Description or after	Effective for annual periods beginning
Amendment to MFRS 16: <i>Covid-19 - Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	01-Jan-22
Amendments to MFRS 116: <i>Proceeds before Intended Use</i>	01-Jan-22
Amendments to MFRS 137: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle	1 January 2022
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17: <i>Initial Application of MFRS 17 and MFRS 9 -Comparative Information</i>	1 January 2023
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) New standards and amendments issued (Cont'd.)

Description or after	Effective for annual periods beginning
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Fund plans to adopt the above pronouncements when they become effective in the respective financial years. These pronouncements are expected to have no significant impact to the financial statements of the Fund upon their initial application.

(c) Financial assets

Financial assets 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.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Fund determines the classification of its financial assets at initial recognition.

(i) Financial assets at FVTPL

A financial asset is measured at fair value through profit or loss if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and profit ("SPPP") on the principal amount outstanding; or
- It is not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring asset or liabilities or recognising the gains and losses on them on different bases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(c) Financial assets (Cont'd.)

(i) Financial assets at FVTPL (Cont'd.)

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets at fair value through 'profit or loss'. Dividend income elements of such instruments are recorded separately as 'Dividend income'. Exchange differences on financial assets at FVTPL are not recognised separately in profit or loss but are included in net gains or net losses on changes in fair value of financial assets at FVTPL.

(ii) Financial assets at amortised cost

Financial assets at amortised cost are those financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. The Fund includes short term receivables and Islamic deposits with Islamic financial institutions in this classification.

Subsequent to initial recognition, Islamic financial assets are measured at amortised cost using the effective profit rate method. Gains and losses are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(d) Impairment of financial assets

The Fund holds financial assets with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for Expected Credit Losses ("ECL") under MFRS 9 to all its financial assets. Therefore, the Fund does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECL at each reporting date.

The Fund's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(e) Classification of realised and unrealised gains and losses

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the reporting year.

22. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(e) Classification of realised and unrealised gains and losses (Cont'd.)

Realised gains and losses on disposals of financial instruments classified as part of FVTPL are calculated using weighted average method. They represent the difference between an instrument's initial carrying amount and disposal proceeds.

(f) 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. Financial liabilities are classified as other financial liabilities.

The Fund's financial liabilities which include other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit rate method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(g) Unit holders' capital

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as Shariah-compliant equity instruments under the revised MFRS 132 Financial Instruments: Presentation.

Distribution equalisation represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unit holders by way of distribution and/or adjusted accordingly when units are cancelled.

(h) Dividend distribution

Dividend distributions are at the discretion of the Fund. A dividend distribution to the Fund's unit holders is accounted for as a deduction from realised reserves except where dividend is sourced out of distribution equalisation which is accounted for as a deduction from unit holders' capital. A proposed dividend is recognised as a liability in the period in which it is approved.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(i) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of bank balances and Islamic deposits and Islamic placements with banks and other Islamic financial institutions with an original maturity of three months or less, subject to insignificant risk of changes in value.

(j) Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

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

Profit income from Islamic deposits with financial institutions is recognised using the effective profit rate method.

(k) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

No deferred tax is recognised as there are no material temporary differences.

(l) Segment reporting

For management purposes, the Fund is managed by two main portfolios, namely (1) Quoted Shariah-compliant securities and warrants and (2) Islamic deposits with financial institutions. Each segment engages in separate business activities and the operating results are regularly reviewed by the Investment Manager and the Investment Committee. The Fund Manager assumes the role of chief operating decision maker, for performance assessment purposes and to make decisions about resources allocated to each investment segment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Significant accounting estimates and judgements

The preparation of the Fund's financial statements requires the Manager to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

No major judgements have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. MANAGER'S FEE

The Manager's fee is computed on a daily basis at 1.50% per annum (2020: 1.50%) of the NAV of the Fund, before deducting the Manager's and Trustee's fees for that particular day.

4. TRUSTEE'S FEE

The Trustee's fee is computed on a daily basis at 0.08% per annum (2020: 0.08%) of the NAV of the Fund, before deducting the Manager's and Trustee's fees for that particular day.

5. INCOME TAX EXPENSE

	2022 RM	2021 RM
Charge for the financial year	<u>-</u>	<u>-</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable income for the financial year.

The tax charge for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, profit income earned from licensed banks and financial institutions is exempted from tax.

A reconciliation of income tax expense applicable to net (loss)/income before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

	2022 RM	2021 RM
Net (loss)/income before tax	<u>(170,447)</u>	<u>1,336,375</u>
Tax at Malaysian statutory tax rate of 24%	(40,907)	320,730
Effect of income not subject to tax	(69,437)	(403,203)
Expenses not deductible for tax purposes	<u>110,344</u>	<u>82,473</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

6. ZAKAT FOR THE FUND

The Manager does not pay zakat on behalf of its unit holders. Thus, unit holders are advised to pay zakat on their own.

7. FINANCIAL ASSETS AT FVTPL

	2022 RM	2021 RM
Financial assets at FVTPL:		
Quoted Shariah-compliant securities	13,393,737	14,063,868
Quoted Shariah-compliant warrants	<u>107,050</u>	<u>15,500</u>
	<u>13,500,787</u>	<u>14,079,368</u>
Net (loss)/gain on financial assets at FVTPL comprised:		
Realised gain on disposals	497,457	1,087,799
Unrealised changes in fair values	<u>(576,904)</u>	<u>271,971</u>
	<u>(79,447)</u>	<u>1,359,770</u>

7. FINANCIAL ASSETS AT FVTPL (CONT'D.)

Financial assets at FVTPL as at 15 January 2022 are as detailed below:

Name of Counter	Quantity/ nominal amount Units	Cost RM	Fair value RM	% of NAV %
QUOTED SHARIAH-COMPLIANT SECURITIES				
Construction				
Gamuda Berhad	115,000	386,108	332,350	2.2
Sunway Construction Group Berhad	370,000	673,522	555,000	3.6
	<u>485,000</u>	<u>1,059,630</u>	<u>887,350</u>	<u>5.8</u>
Consumer Products and Services				
Bermaz Auto Berhad	241,100	354,558	405,048	2.6
Perak Transit Berhad	1,428,000	1,038,591	913,920	5.9
Salutica Berhad	360,000	196,112	185,400	1.2
	<u>2,029,100</u>	<u>1,589,261</u>	<u>1,504,368</u>	<u>9.7</u>
Energy				
Wah Seong Corporation Berhad	293,100	190,557	187,584	1.2
Health Care				
Pharmaniaga Berhad	114,000	65,289	87,210	0.6
Industrial Products and Services				
Favelle Favco Berhad	507,000	1,182,193	1,242,150	8.0
HSS Engineers Berhad	1,914,500	1,086,551	1,024,257	6.6
P.I.E Industrial Berhad	243,000	754,957	767,880	5.0
Sam Engineering & Equipment (M) Berhad	36,400	260,459	756,392	4.9
SKP Resources Berhad	130,000	211,965	206,700	1.3
Uchi Technoilogies Berhad	131,200	394,032	381,792	2.5
V.S. Industry Berhad	823,400	1,176,630	996,314	6.5
	<u>3,785,500</u>	<u>5,066,787</u>	<u>5,375,485</u>	<u>34.8</u>

7. FINANCIAL ASSETS AT FVTPL (CONT'D.)

Financial assets at FVTPL as at 15 January 2022 are as detailed below:

Name of Counter	Quantity/ nominal amount Units	Cost RM	Fair value RM	% of NAV %
QUOTED SHARIAH-COMPLIANT SECURITIES (CONT'D.)				
Plantation				
Sarawak Oil Palms Berhad	26,900	100,028	97,109	0.6
Technology				
D & O Green Technologies Berhad	59,000	232,178	277,300	1.8
GHL Systems Berhad	49,000	78,907	85,750	0.5
Greatech Technology Berhad	20,000	102,270	101,400	0.7
Inari Amertron Berhad	225,900	702,197	763,542	4.9
KESM Industries Berhad	49,100	403,684	583,308	3.8
Kronologi Asia Berhad	68,400	35,315	40,356	0.2
Mi Technovation Berhad	246,100	904,771	568,491	3.7
MY E.G.Services Berhad	1,292,200	1,248,546	1,292,200	8.4
Vitrox Corporation Berhad	85,000	800,048	1,445,000	9.4
	2,094,700	4,507,916	5,157,347	33.4
Transportation & Logistics				
Straits Inter Logistics Berhad	589,600	112,022	97,284	0.6
TOTAL QUOTED SHARIAH-COMPLIANT SECURITIES	9,417,900	12,691,490	13,393,737	86.7

7. FINANCIAL ASSETS AT FVTPL (CONT'D.)

Financial assets at FVTPL as at 15 January 2022 are as detailed below:

Name of Counter	Quantity/ nominal amount Units	Cost RM	Fair value RM	% of NAV %
QUOTED SHARIAH-COMPLIANT WARRANTS				
Consumer Products and Services				
Perak Transit Berhad	357,000	-	57,120	0.4
Industrial Products and Services				
V.S. Industry Berhad	110,480	-	41,430	0.3
Transportation & Logistics				
GDEX Berhad	100,000	-	8,500	0.1
TOTAL FINANCIAL ASSETS AT FVTPL	9,985,380	12,691,490	13,500,787	87.5
ACCUMULATED UNREALISED GAIN/(LOSS)			809,297	

8. ISLAMIC DEPOSITS WITH ISLAMIC FINANCIAL INSTITUTIONS

	2022 RM	2021 RM
Islamic deposits with licensed banks	1,936,076	2,173,000

The effective average profit rate for short-term Islamic placements as at 15 January 2022 is 1.69% (2021: 1.57%) per annum. The average maturity of the deposits as at 15 January 2022 is 3 days (2021: 4 days).

9. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser has confirmed that the Islamic investment portfolio of the Fund is Shariah-compliant, which comprises:

- Shariah-compliant equity securities listed in Bursa Malaysia which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission; and
- Islamic cash placements and liquid assets in local market, which are placed in Shariah-compliant investment instruments.

10. TOTAL EQUITY

	Note	2022 RM	2021 RM
Unit holders' capital	(a)	(13,912,085)	(13,196,258)
Retained earnings			
- Realised and distributable	(b)	28,536,406	28,129,949
- Unrealised reserve and non-distributable	(c)	809,297	1,386,201
Total equity		<u>15,433,618</u>	<u>16,319,892</u>

(a) Unit holders' capital

	2022		2021	
	No. of units	RM	No. of units	RM
As at the beginning of the financial year	15,015,972	(13,196,258)	15,690,984	(12,518,494)
Creation of units	482,575	342,762	192,728	108,277
Distribution equalisation	-	(270,362)	-	(218,856)
Cancellation of units	(1,135,233)	(788,227)	(867,740)	(567,185)
As at the end of the financial year	<u>14,363,314</u>	<u>(13,912,085)</u>	<u>15,015,972</u>	<u>(13,196,258)</u>

(b) Realised and distributable

	2022 RM	2021 RM
As at the beginning of the financial year	28,129,949	27,065,545
Net realised income	<u>406,457</u>	<u>1,064,404</u>
As at the end of the financial year	<u>28,536,406</u>	<u>28,129,949</u>

(c) Unrealised reserve and non-distributable

	2022 RM	2021 RM
As at the beginning of the financial year	1,386,201	1,114,230
Net unrealised (loss)/income attributable to investments	<u>(576,904)</u>	<u>271,971</u>
As at the end of the financial year	<u>809,297</u>	<u>1,386,201</u>

11. UNITS HELD BY MANAGER

As at the end of financial year, the total number and value of units held legally or beneficially by the Manager are as follows:

	2022		2021	
	No. of units	RM	No. of units	RM
The Manager	-	-	24,717	26,862

12. TRANSACTIONS WITH RELATED PARTIES AND OTHER INVESTMENT BANKS

	Value of trade RM	% of total trade %	Brokerage fees RM	% of total brokerage fees %
2022				
CIMB Securities Berhad	7,353,339	28.1	18,483	28.1
Maybank Investment Bank Berhad **	5,440,531	20.8	13,736	20.8
MIDF Amanah Investment Bank Berhad *	4,867,124	18.6	12,193	18.5
Public Investment Bank Berhad	4,756,946	18.2	11,934	18.1
Affin Hwang Investment Bank Berhad	3,758,112	14.3	9,558	14.5
TOTAL	26,176,052	100.0	65,904	100.0
2021				
CIMB Investment Bank Berhad	7,034,978	22.4	17,664	22.4
MIDF Amanah Investment Bank Berhad *	6,893,876	22.0	17,282	22.0
Public Investment Bank Berhad	6,286,957	20.0	15,750	20.0
Maybank Investment Bank Berhad **	5,953,105	19.0	14,999	19.1
Affin Hwang Investment Bank Berhad	5,193,036	16.6	13,027	16.5
TOTAL	31,361,952	100.0	78,722	100.0

12. TRANSACTIONS WITH RELATED PARTIES AND OTHER INVESTMENT BANKS (CONT'D.)

* MIDF Amanah Investment Bank Berhad is a related company of MIDF Amanah Asset Management Berhad, the Manager.

** The parent company of Maybank Investment Bank Berhad is an associate of PNB and YPB.

The Directors of the Manager are of the opinion that transactions with related parties have been entered into in the normal course of business and have been established on terms and conditions agreed between the parties.

13. MANAGEMENT EXPENSES RATIO (“MER”)

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on daily basis. The fees and expenses included Manager’s fee, Trustee’s fee, auditors’ remuneration, tax agent’s fee and other administrative expenses. For the financial year ended 15 January 2022, the MER of the Fund stood at 1.76% (2021: 1.74%).

14. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund is the ratio of the average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund. For the financial year ended 15 January 2022, the PTR of the Fund stood at 0.81 times (2021: 1.09 times).

15. SEGMENT INFORMATION

The Manager of the Fund is responsible for allocating resources available to the Fund in accordance with the overall Islamic investment strategies as set out in the Investment Guidelines of the Fund. The Fund is managed by two segments:

- Quoted Shariah-compliant securities and warrants; and
- Islamic deposits with financial institutions.

The investment objective of each segment is to achieve consistent returns from the Islamic investments of each segment while safeguarding capital by investing in diversified Islamic portfolios. There have been no changes in reportable segments in the current financial year. The segment information provided is presented to the Manager and Investment Committee of the Fund.

15. SEGMENT INFORMATION (CONT'D.)

	2022			2021		
	Quoted Shariah- compliant securities and warrants RM	Islamic deposits with financial institutions RM	Total RM	Quoted Shariah- compliant securities and warrants RM	Islamic deposits with financial institutions RM	Total RM
Dividend income	250,664	-	250,664	255,803	-	255,803
Profit income from Islamic deposits with financial institutions	-	38,655	38,655	-	64,438	64,438
Net (loss)/gain from investments - financial assets at FVTPL	(79,447)	-	(79,447)	1,359,770	-	1,359,770
Total segment operating income for the financial year	<u>171,217</u>	<u>38,655</u>	<u>209,872</u>	<u>1,615,573</u>	<u>64,438</u>	<u>1,680,011</u>
Financial assets at FVTPL	13,500,787	-	13,500,787	14,079,368	-	14,079,368
Islamic deposits with financial institutions	-	1,936,076	1,936,076	-	2,173,000	2,173,000
Amount due from brokers	83,140	-	83,140	138,028	-	138,028
Profit receivables	-	225	225	-	150	150
Dividend receivables	18,300	-	18,300	12,417	-	12,417
Total segment assets	<u>13,602,227</u>	<u>1,936,301</u>	<u>15,538,528</u>	<u>14,229,813</u>	<u>2,173,150</u>	<u>16,402,963</u>
Amount due to brokers	50,215	-	50,215	-	-	-
Total segment liabilities	<u>50,215</u>	<u>-</u>	<u>50,215</u>	<u>-</u>	<u>-</u>	<u>-</u>

15. SEGMENT INFORMATION (CONT'D.)

Expenses of the Fund are not considered as part of the performance of any operating segment. The following table provides a reconciliation between the net reportable segment operating income and net (loss)/income of the Fund:

	2022	2021
	RM	RM
Net reportable segment operating income	209,872	1,680,011
Expenses	(380,319)	(343,636)
	<hr/>	<hr/>
Net (loss)/income before tax	(170,447)	1,336,375
Income tax expense	-	-
	<hr/>	<hr/>
Net (loss)/income after tax	<u>(170,447)</u>	<u>1,336,375</u>

Certain assets and liabilities of the Fund are not considered to be any individual segment. The following table provides a reconciliation between the net reportable segment assets and liabilities and total assets and liabilities of the Fund.

	2022	2021
	RM	RM
Total segment assets	15,538,528	16,402,963
Due from Manager	1,700	2,600
Cash at bank	1,350	4,732
	<hr/>	<hr/>
Total assets of the Fund	<u>15,541,578</u>	<u>16,410,295</u>
Total segment liabilities	50,215	-
Other payables	25,166	58,575
Due to Manager	30,866	30,153
Due to Trustee	1,713	1,675
	<hr/>	<hr/>
Total liabilities of the Fund	<u>107,960</u>	<u>90,403</u>

16. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The following table analyses the financial assets and liabilities of the Fund in the statement of financial position as at 15 January 2022 by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

16. FINANCIAL INSTRUMENTS (CONT'D.)

(a) Classification of financial instruments (Cont'd.)

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2022				
Assets				
Financial assets at FVTPL	13,500,787	-	-	13,500,787
Islamic deposits with financial institutions	-	1,936,076	-	1,936,076
Other receivables	-	20,225	-	20,225
Amount due from brokers	-	83,140	-	83,140
Cash at bank	-	1,350	-	1,350
Total financial assets	13,500,787	2,040,791	-	15,541,578
Liabilities				
Other payables	-	-	25,166	25,166
Due to Manager	-	-	30,866	30,866
Due to Trustee	-	-	1,713	1,713
Total financial liabilities	-	-	107,960	107,960
2021				
Assets				
Financial assets at FVTPL	14,079,368	-	-	14,079,368
Islamic deposits with financial institutions	-	2,173,000	-	2,173,000
Other receivables	-	15,167	-	15,167
Cash at bank	-	4,732	-	4,732
Total financial assets	14,079,368	2,330,927	-	16,410,295
Liabilities				
Other payables	-	-	58,575	58,575
Due to Manager	-	-	30,153	30,153
Due to Trustee	-	-	1,675	1,675
Total financial liabilities	-	-	90,403	90,403

16. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments that are carried at fair value

The Fund's financial assets at FVTPL are carried at fair value. The fair values of these financial assets were determined using prices in active markets for identical assets.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2022				
Quoted Shariah-compliant securities	13,393,737	-	-	13,393,737
Quoted Shariah-compliant warrants	107,050	-	-	107,050
	<u>13,500,787</u>	<u>-</u>	<u>-</u>	<u>13,500,787</u>
2021				
Quoted Shariah-compliant securities	14,063,868	-	-	14,063,868
Quoted Shariah-compliant warrants	15,500	-	-	15,500
	<u>14,079,368</u>	<u>-</u>	<u>-</u>	<u>14,079,368</u>

Quoted Shariah-compliant securities and quoted Shariah-compliant warrants

Fair value is determined directly by reference to their published market bid prices at the reporting date.

For instruments quoted on Bursa Malaysia, the market bid prices are determined by reference to the theoretical closing market price as published by Bloomberg.

16. FINANCIAL INSTRUMENTS (CONT'D.)

(c) **Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value**

The fair value of the other financial assets and financial liabilities that are not carried at fair value approximate the carrying amounts due to their relatively short term maturity.

17. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

(a) **Introduction**

The Fund maintains Islamic investment portfolios in a variety of listed and unlisted financial instruments as dictated by its Trust Deed and Islamic investment management strategy.

The Fund is exposed to a variety of risks including market risk (which includes profit rate risk, price risk and currency risk), credit risk, and liquidity risk. Whilst these are the most important types of financial risks inherent in each type of financial instruments, the Manager and the Trustee would like to highlight that this list does not purport to constitute an exhaustive list of all the risks inherent in an Islamic investment in the Fund.

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks. Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Trust Deed, the Securities Commission's Guidelines on Unit Trust Funds and the Capital Markets and Services Act 2007.

(b) **Risk management structure**

The Fund's Manager is responsible for identifying and controlling risks. The Board of Directors of the Manager is ultimately responsible for the overall risk management approach within the Fund.

(c) **Risk measurement and reporting system**

Monitoring and managing risks is primarily set up to be performed based on limits established by the Manager (and Investment Manager, if applicable) and Trustee. These limits reflect the Islamic investment strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

17. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Risk mitigation

The Fund has Islamic investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy. The Manager also has a Compliance Department to ensure that the Fund complies with the various regulations and guidelines as stipulated in its Trust Deed, the Securities Commission's Guidelines on Unit Trust Funds and the Capital Markets and Services Act 2007.

It is, and has been throughout the current and previous financial years, the Fund's policy is that no derivatives shall be undertaken for either investment risk management purposes or for trading.

(e) Excessive risk concentration

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Fund's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio in accordance with the Fund's Trust Deed, Investment Manager's guidelines and the Securities Commission's Guidelines on Unit Trust Funds. Portfolio diversification across a number of sectors and industries minimises the risk not only of any single company's securities becoming worthless but also of all holdings suffering uniformly adverse business conditions. Specifically, the Fund's Trust Deed and Securities Commission's Guidelines on Unit Trust Funds limits the Fund's exposure to a single entity/industry sector to a certain percentage of its NAV.

(f) Market risk

(i) Profit rate risk

Profit rate risk is uncertainties resulting from fluctuations in the prevailing level of market profit rates on its Islamic investments and financial position.

As at reporting date, the Fund has no floating rate financial instruments and thus does not have significant exposure to profit rate risk.

17. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(f) Market risk (Cont'd.)

(ii) Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in quoted Shariah-compliant equity securities and warrants.

Equity price risk sensitivity

Management's best estimate of the effect on the profit for the financial year and other comprehensive income due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below:

Market index	%	Effect on NAV Increase RM
2022		
Changes in equity price	+5	675,039
2021		
Changes in equity price	+5	703,968

The Management assumed that the movement of FVTPL investments as at 15 January 2022 moves in line with the movement of the Bursa Malaysia KLCI index.

An equivalent decrease in each of the indices shown above would have resulted in an equivalent, but opposite, impact.

In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material.

Equity price risk concentration

The following table sets out the Fund's exposure to equity price risk based on its portfolio of quoted equity instruments as at the reporting date.

	2022		2021	
	Fair value RM	As % of NAV	Fair value RM	As % of NAV
Malaysia	13,500,787	87.5	14,079,368	86.3

17. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(f) Market risk (Cont'd.)

(ii) Equity price risk (Cont'd.)

Equity price risk concentration (Cont'd.)

The Fund's concentration of equity price analysed by the Fund's equity instruments by sector is as follows:

	2022		2021	
	RM	As % of NAV	As % of RM	NAV
Construction	887,350	5.8	1,761,170	10.8
Consumer Products and Services	1,561,488	10.1	2,034,500	12.5
Energy	187,584	1.2	635,500	3.9
Health Care	87,210	0.6	1,045,100	6.4
Industrial Products and Services	5,416,915	35.1	3,492,740	21.4
Plantation	97,109	0.6	-	-
Technology	5,157,347	33.4	3,992,430	24.4
Transportation & Logistics	105,784	0.7	1,117,928	6.9
	13,500,787	87.5	14,079,368	86.3

(g) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unit holders by the Manager are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's Trust Deed.

It is the Fund's policy that the Manager monitors the Fund's liquidity position on a daily basis. The Fund also manages its obligation to redeem units when required to do so and its overall liquidity risk by requiring a 3-day notice period before redemptions.

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unit holders. Liquid assets comprise cash, Islamic deposits with Islamic financial institutions and other Shariah-compliant instruments which are capable of being converted into cash within 7 days.

17. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(g) Liquidity Risk (Cont'd.)

The following table summarises the maturity profile of the Fund's financial assets, financial liabilities and NAV attributable to unit holders in order to provide a complete view of the Fund's contractual commitments and liquidity.

	Less than 1 month RM	Total RM
2022		
Financial assets:		
Financial assets at FVTPL	13,500,787	13,500,787
Islamic deposits with financial institutions	1,936,076	1,936,076
Other assets	104,715	104,715
Total undiscounted financial assets	<u>15,541,578</u>	<u>15,541,578</u>
Financial liabilities:		
Other liabilities	107,960	107,960
Total undiscounted financial liabilities	<u>107,960</u>	<u>107,960</u>
NAV attributable to unit holders	<u>15,433,618</u>	<u>15,433,618</u>
Liquidity gap	<u>-</u>	<u>-</u>
2021		
Financial assets:		
Financial assets at FVTPL	14,079,368	14,079,368
Islamic deposits with financial institutions	2,173,000	2,173,000
Other assets	157,927	157,927
Total undiscounted financial assets	<u>16,410,295</u>	<u>16,410,295</u>
Financial liabilities:		
Other liabilities	90,403	90,403
Total undiscounted financial liabilities	<u>90,403</u>	<u>90,403</u>
NAV attributable to unit holders	<u>16,319,892</u>	<u>16,319,892</u>
Liquidity gap	<u>-</u>	<u>-</u>

(i) Financial Assets

Analysis of financial assets at FVTPL into maturity groupings is based on the expected date on which these assets will be realised. Quoted Shariah-compliant equity instruments have been included in the "Less than 1 month" on the assumption that these are highly liquid investments which can be realised should all of the Fund's unit holders' capital are required to be redeemed. For Islamic deposits with financial institutions and other assets, the analysis into maturity groupings is based on the behavioural cash flows, i.e. remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date on which the assets will be realised/maturity dates of debt securities.

17. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(g) Liquidity Risk (Cont'd.)

(ii) Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

(iii) Equity

As unit holders can request for redemption on their units by giving the Manager a 3-day notice period, they have been categorised as having a maturity of "Less than 1 month". However, the Fund believes that it would be able to liquidate other investments should the need arise to satisfy all the redemption requirements of the Fund.

(h) Credit risk

Credit concentration

Credit concentration risk is associated with the number of underlying Islamic investments or Islamic financial institutions which a Fund invests in or place deposits with. As the Fund is allowed to place Islamic deposits and/or invest in Islamic money market instruments wholly with a single financial institution, the NAV per unit of the Fund would be affected if the financial institution is not able to make timely payments of profit and/or principal.

Credit default

This refers to the creditworthiness of the respective Islamic financial institutions which Islamic deposits are placed with and their ability to make timely payment of principal and profit. If the Islamic financial institutions become insolvent, the Fund may suffer capital losses with regards to the capital invested and profit foregone, causing the performance of the Fund to be adversely affected.

(i) Reclassification of Shariah status risk

There is a risk that the currently held Shariah-compliant securities and warrants in the portfolio of Funds may be reclassified to be Shariah non-compliant upon review of the securities by the Shariah Advisory Council of the Securities Commission which is performed twice yearly. If this occurs, the value of the Fund may be affected whereby the Manager will then take the necessary steps to dispose of such securities in accordance with the Shariah Advisory Council's Resolutions and Guidelines.

18. CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund's approved fund size and units in issue at the end of the financial year is disclosed in Note 10(a).

The Fund's objectives for managing capital are:

- (a) To invest in Islamic investments meeting the description, risk exposure and expected return indicated in its prospectus;
- (b) To achieve consistent returns while safeguarding capital by using various Islamic investment strategies;
- (c) To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- d) To maintain sufficient fund size to make the operation of the Fund cost-efficient.

No changes were made to the capital management objectives, policies or processes during the current financial year.

CORPORATE INFORMATION

MANAGER	MIDF Amanah Asset Management Berhad Registration Number: 197201000162 (11804-D)
REGISTERED OFFICE	Level 21, Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur Tel: 03 – 2173 8888
BUSINESS OFFICE	Level 3A, Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur Tel: 03 - 2173 8488 (Customer Service Line) Fax: 03 - 2173 8555 E-mail: midfamanah@midf.com.my Website: www.midf.com.my/index.php/en/ what-we-do-en/asset-management
TRUSTEE	AmanahRaya Trustees Berhad (766894-T) Level 14, Wisma AmanahRaya, No. 2 Jalan Ampang, 50508 Kuala Lumpur
BOARD OF DIRECTORS	Hasnah Omar – Chairman Dato' Charon Wardini Mokhzani Datuk Joseph Dominic Silva Tai Keat Chai Ahlan Nasri Mohd Nasir Hasman Yusri Yusoff Mohamed Sany Mohamed Zainudin
INVESTMENT COMMITTEE MEMBERS	Hasman Yusri Yusoff - Chairman Tai Keat Chai
BOARD AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS	Tai Keat Chai – Chairman Hasnah Omar Hasman Yusri Yusoff
COMPANY SECRETARIES	Hadidah Amin (LS 05402) Lailatul Mardhiyah Said Abdullah [LS0010110]
AUDITOR	Ernst & Young Level 23A, Menara Milenium, Jalan Damanlela Pusat Bandar Damansara, 50490 Kuala Lumpur
TAX ADVISER	Ernst & Young Tax Consultants Sdn Bhd Level 23A, Menara Milenium, Jalan Damanlela Pusat Bandar Damansara, 50490 Kuala Lumpur
SHARIAH ADVISER	MIDF Amanah Investment Bank Berhad (23878-X) (Shariah Committee) Level 21, Menara MIDF, 82, Jalan Raja Chulan, 50200 Kuala Lumpur
PRINCIPAL BANKERS	Malayan Banking Berhad (3813-K) Menara Maybank, Jalan Tun Perak, 50050 Kuala Lumpur OCBC Bank (Malaysia) Berhad (295400-W) 18th Floor, Menara OCBC, 18, Jalan Tun Perak, 50050 Kuala Lumpur

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