

**MIDF AMANAH SHARIAH MONEY MARKET FUND**

**midf**   
**AMANAH**

**ANNUAL  
REPORT**

For The Year Ended  
15th October 2022

**MIDF Amanah Asset Management Berhad**

MIDF AMANAH ASSET MANAGEMENT BERHAD  
Level 3A, Menara MIDF  
82, Jalan Raja Chulan  
50200 Kuala Lumpur

15 October 2022

Dear Unit Holders:

#### FUND CATEGORY AND TYPE

Fund Category	Islamic Money Market
Fund Type	Income (Islamic)

#### ASSET ALLOCATION AS AT 15 OCTOBER 2022

Quoted Shariah-compliant securities and Sukuk	0%
Islamic Money Market Instruments and Others	100%

#### PERFORMANCE OF THE FUND

MIDF Amanah Shariah Money Market Fund ("MASMMF"/or "the Fund")	15/10/2022	15/10/2021	%
Net Asset Value ("NAV") (RM)	114,623,243	114,346,243	0.24
NAV per Unit (RM)	1.0012	1.0007	0.05

*Note: The units of the Fund have been consolidated with the NAV per unit of RM1.0000 effective 16 December 2019 pursuant to the resolution approved via the unit holders' meeting held on 22 November 2019.*

For the financial year ended 15 October 2022, the NAV was maintained at RM1.0000 per unit. The difference of 0.05% in the NAV per unit is the distribution payable for the period from 1 October 2022 to 15 October 2022, which will be declared in the next financial period of the Fund. The number of units in circulation increased to 114.5 million units as at 15 October 2022 from 114.3 million units registered as at 15 October 2021. The Fund met its objective in providing capital stability with regular income returns through investments in short-term Islamic placements during the period under review. The Fund has declared and distributed a total income of 1.90 sen which translated to a net dividend yield of 1.90% p.a.

The Maybank Islamic Overnight Rate has been identified as the benchmark given that it is easily accessible and provides a good indicator on the performance of the Islamic Money Market ("IMM").

## **FIXED INCOME / SUKUK MARKET REVIEW**

During the period under review, the local government sukuk/bond market were sold off during 1Q22 with the overall benchmark yields jumped sharply, hit by a drastic shift in the interest rate expectations and a more aggressive tightening measures by the US Federal Reserve (“the Fed”). The Government Investment Issue (“GII”) / Malaysian Government Securities (“MGS”) yields surged by 23 basis points (bps) to 39 bps in tandem with higher US Treasuries (UST’s) due to soaring inflation, strong job markets and other economic data. The higher commodity prices namely in oil and food partly due to sanctions on Russia’s exports, and supply-chain bottlenecks continued to impact markets. The uprising yields in the domestic sukuk/bond market were further pressured following the additional EPF withdrawal stimulus, which had a tainting effect to the sentiment. The MGS and GII 10-years benchmark were tested at the 4% threshold in March, a level not seen since February 2019, but was snapped back to below 4% as of closing March at 3.85% and 3.97% respectively.

In 2Q 2022, the local sukuk/bond market remained volatile and continued to weaken alongside with the rise in US Treasuries (“UST”) yields. The benchmark GII/MGS shifted higher and increased by 33 to 64 bps across all tenure quarter-on-quarter (“q-o-q”) with the UST yields spiked between 58 to 74bps during the same quarter. Inflationary pressure in the US, balance sheet runoff as well as Russia-Ukraine conflict among the main factors affecting local sukuk/bond market.

Meanwhile, in July, the local government sukuk/bond traded on stronger footing with the overall benchmark yields trended lower between 1 to 42 bps for both MGS and GII, month-on-month. The long-end yield curve saw stronger movements as fears over aggressive US Fed rate hikes took a breather. The rally was also seen as a relief-rally following a widely expected 25bps hike by BNM on 6 July 2022. However, the local sukuk/bond market ended weaker in September impacted by the continuous rising US Fed rate hike as well as the Overnight Policy Rate (OPR) rate hike by Bank Negara Malaysia (BNM).

On y-o-y basis, the overall MGS, benchmark yields increased significantly by 76 bps to 134 bps with 3-, 5-, 7-, 10-, 15- and 20-years closed at 3.77%, 4.04%, 4.21%, 4.41%, 4.65% and 4.85% respectively as at 30 September 2022. Similarly, the GII-segment also closed higher by 70 bps to 122 bps with the 3-, 5-, 7-, 10-, 15- and 20-years at 3.79%, 4.11%, 4.40%, 4.50%, 4.70% and 4.90% respectively.

## **INVESTMENT OUTLOOK AND STRATEGY**

The global policy rates continue to trend up after having retraced back to the pre-pandemic peak of 3.00%. Major central banks flagging further tightening ahead of rising headline and core inflation. UST direction will be driven by the US Federal Reserve interest rate hikes versus challenges to growth. GII/MGS yields may trend higher ahead of Budget 2023, in line with rising global bond yields. Similarly, foreign demand for domestic sukuk/bonds will likely remain pressured on the back of weak global sentiment, while the Fed is widely expected to stay hawkish as it commits to reigning in inflation.

For Malaysian economy, the transition to endemicity and policy measures have contributed to the stronger growth performance in the first (5%) and second quarter (8.9%) of 2022. Going forward, indicators point to continued growth, underpinned by support from private sector spending.

Nonetheless, the growth outlook is biased to downside risks, including a weaker-than-expected global growth, elevated cost pressures, the potential energy crisis in Europe, worsening supply chain disruptions and sharp tightening in monetary policy. As widely expected, The Monetary Policy Committee (MPC) of Bank Negara Malaysia on 8th September 2022 decided to increase the OPR by 25bps to 2.50 percent.

With the positive growth prospects for the Malaysian economy remain intact, the MPC decided to further adjust the degree of monetary accommodation. We anticipate that there will be a potential OPR rate hikes of between 25bps to 50bps in 4Q 2022 on expectations of growth rebound and rising core inflation rate.

In the near term, GII/MGS yields may trend rangebound as market settles following BNM and Fed's recent rate hike in September. The quantum and number of rate hike exercises in the US based on inflationary conditions is believed to have been priced-into the local government sukuk space.

The Fund will continue investing in quality short-term Islamic money market instruments.

#### CURRENT PROFILE OF UNITHOLDINGS BY SIZE

Size of Unitholdings	No. of Unit Holders	No. of Units Held	% of Unit Holders
5000 and below	12	16,439	37.04
5,001 to 10,000	-	-	-
10,001 to 50,000	2	33,577	7.41
50,001 to 500,000	3	559,451	11.11
500,001 and above	10	113,879,535	44.44
	<b>27</b>	<b>114,489,002</b>	<b>100.00</b>

#### PORTFOLIO COMPOSITION

	As at 15.10.2022	As at 15.10.2021	As at 15.10.2020	As at 15.10.2019	As at 15.10.2018
	%	%	%	%	%
Quoted Shariah-compliant Securities and Sukuk	-	-	-	-	-
Islamic Money Market Instruments and Others	100.00	100.00	100.00	100.00	100.00
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## PERFORMANCE DATA

		As at 15.10.2022	As at 15.10.2021	As at 15.10.2020
NAV	[RM]	114,623,243	114,346,243	137,892,417
Units in Circulation	[Units]	114,489,002	114,266,120	137,890,584
NAV per Unit	[RM]	1.0000	1.0000	1.0000
Highest NAV*	[RM]	N/A	N/A	N/A
Lowest NAV*	[RM]	N/A	N/A	N/A
Total return:				
- Capital Growth	[%]	NIL	NIL	NIL
- Income Distribution		1.90 sen	1.67 sen	2.27 sen
Total Expenses Ratio (TER) <sup>1</sup>	[%]	0.13	0.13	0.14
Portfolio Turnover Ratio (PTR) <sup>2</sup>	[X]	39.60	39.79	53.33

### Notes:

- \* *Not applicable as the units of the Fund have been consolidated with the NAV per unit of RM1.0000 effective 16 December 2019 pursuant to the resolution approved via the unit holders' meeting held on 22 November 2019.*

The Income Distributions for the Financial Year Ended 15th October 2022 are as follows:

No.	Date of Income Distribution	Income Distribution per unit (RM)
i)	31.10.2021	0.001434
ii)	30.11.2021	0.001416
iii)	31.12.2021	0.001471
iv)	31.01.2022	0.001449
v)	28.02.2022	0.001328
vi)	31.03.2022	0.001472
vii)	30.04.2022	0.001501
viii)	31.05.2022	0.001609
ix)	30.06.2022	0.001666
x)	31.07.2022	0.001811
xi)	31.08.2022	0.001936
xii)	30.09.2022	0.001950

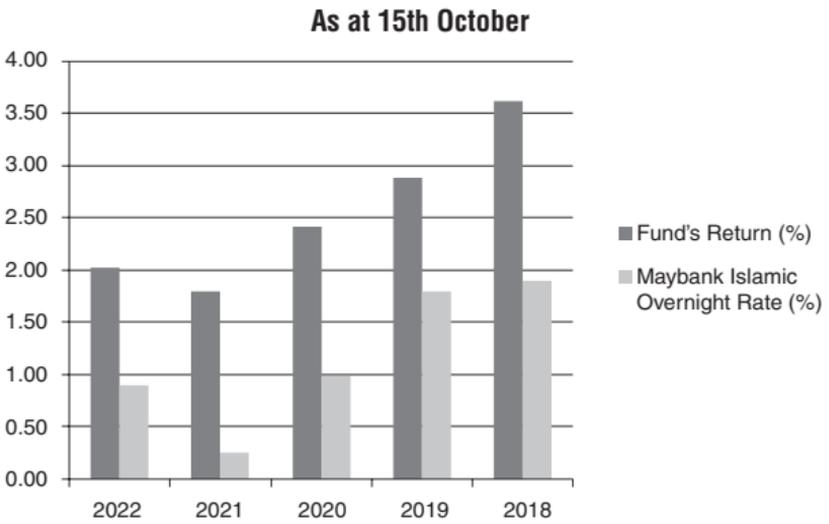
1. TER for 2022 was maintained at 0.13% (2021: 0.13%).
2. The Fund invested mainly in the placement of short-term deposit only.
3. The PTR for 2022 was at 39.60 times as compared to 39.79 times in 2021.

**ANNUAL TOTAL RETURN**

<b>MIDF Amanah Shariah Money Market Fund</b>					
<b>As at 15th October</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Fund's Return (%)*	2.02	1.79	2.41	2.88	3.61
Maybank Islamic Overnight Rate (%)*	0.90	0.25	0.98	1.80	1.90

\* The figure reported as above is the gross annual total return of the fund.

\* Source: <http://www.maybank2u.com.my>



## AVERAGE TOTAL RETURN

As at 15th October	The Fund*	Maybank Islamic Overnight Rate*
One year	2.02%	0.90%
Three year	2.07%	0.71%
Five year	2.54%	1.17%

\* *The figure reported as above is the gross average total return of the fund.*

\* *Source : <http://www.maybank2u.com.my>*

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

**Shan Kamahl Bin Mohammad**  
Director

Date: 5 December 2022

## MANAGER'S REPORT

The Manager has pleasure in submitting its report and the audited financial statements of the MIDF Amanah Shariah Money Market Fund ("the Fund") for the financial year ended 15 October 2022.

## PRINCIPAL ACTIVITIES OF THE MANAGER

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

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

## INVESTMENTS OF THE FUND

The Fund currently invests in Islamic money market instruments.

## RESULT

	<b>RM</b>
Net income after tax	<u>2,387,925</u>

In the opinion of the Manager, the result of the operations 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 Fund aims to provide investors with a regular income stream over the short-to-medium term that complies with Shariah requirements whilst maintaining capital stability.

## MANAGEMENT FEES

During the financial year, the Manager is entitled to a management fee of RM121,993 (2021: RM123,315). The Manager's fee is computed on a daily basis at 0.1% (2021: 0.1%) 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

The Fund's distribution policy will be in line with the objective of the Fund. Distribution of income, if any, will be declared at the end of each month depending on the level of income (if any) generated by the Fund and at the discretion of the Manager. In the absence of written instructions to the contrary from the unit holders, any income distribution will be reinvested in the Fund. The reinvestments will be based on the NAV per unit (ex-distribution) at the close of the date the income distribution is declared. Sales charge will not be imposed on the reinvested income distribution.

During the financial year, an income distribution of RM2,333,805 was declared by the Fund (2021: RM1,974,857), while income distribution of RM2,333,805 was reinvested in the Fund (2021: RM2,053,633).

## **UNIT SPLIT**

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

## **CHANGES IN VALUE OF FUND**

The changes in value of the 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 Fund. 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 Islamic 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

Datuk Joseph Dominic Silva

Tai Keat Chai

Hasman Yusri Yusoff

Norziana Mohd Inon (Appointed effective 27 May 2022)

Shan Kamahl Mohammad (Appointed effective 10 October 2022)

Ahlan Nasri Mohd Nasir (Resigned effective 2 March 2022)

Dato' Charon Wardini Mokhzani (Resigned effective 17 May 2022)

Mohamed Sany Mohamed Zainudin (Resigned effective 7 July 2022)

For and on behalf of the Manager

**MIDF Amanah Asset Management Berhad**

## **HASNAH OMAR**

Director

## **SHAN KAMAHL MOHAMMAD**

Director

Kuala Lumpur, Malaysia

Date: 5 December 2022

## TRUSTEE'S REPORT

To the unit holders of  
**MIDF AMANAH SHARIAH MONEY MARKET FUND (“the Fund”)**,

We have acted as Trustee of the Fund for the financial year ended 15 October 2022 and we hereby confirm 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 year covered by these financial statements in accordance with the following:

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

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

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

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

Date: 21 November 2022

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

To the unit holders of  
**MIDF AMANAH SHARIAH MONEY MARKET 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 comprise 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 MIDF Shariah Committee backing MIDF Amanah Investment Bank Berhad as Shariah Adviser for **MIDF Amanah Shariah Money Market 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: 16 November 2022

## STATEMENT BY MANAGER

We, Hasnah Omar and Shan Kamahl Mohammad, 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 15 to 33 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 SHARIAH MONEY MARKET FUND as at 15 October 2022 and of its financial performance, changes in equity and cash flows for the financial year then ended.

On behalf of the Manager

**MIDF Amanah Asset Management Berhad**

**HASNAH OMAR**

Director

**SHAN KAMAHL MOHAMMAD**

Director

Kuala Lumpur, Malaysia

Date: 5 December 2022

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF MIDF AMANAH SHARIAH MONEY MARKET FUND

### Report on the audit of the financial statements

#### ***Opinion***

We have audited the financial statements of MIDF Amanah Shariah Money Market Fund (“the Fund”), which comprise the statement of financial position as at 15 October 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 33.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 15 October 2022, and of its financial performance and cash flows for the financial 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 audit 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 auditors' 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.

***Responsibilities of the Manager and Trustee for the financial statements***

The Manager is responsible for the preparation of 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 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 SHARIAH MONEY MARKET 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 Accountant

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

Kuala Lumpur, Malaysia  
Date: 5 December 2022

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

	<b>Note</b>	<b>2022 RM</b>	<b>2021 RM</b>
<b>INVESTMENT INCOME</b>			
Profit income from Islamic deposits with financial institutions		<u>2,543,810</u>	<u>2,215,254</u>
		<u>2,543,810</u>	<u>2,215,254</u>
<b>EXPENSES</b>			
Manager's fee	3	(121,993)	(123,315)
Trustee's fee	4	(24,398)	(24,663)
Auditors' remuneration		(4,000)	(3,500)
Tax agent's fee		(2,200)	(2,200)
Administrative expenses		<u>(3,294)</u>	<u>(8,803)</u>
		<u>(155,885)</u>	<u>(162,481)</u>
<b>Net income before tax</b>		<b>2,387,925</b>	<b>2,052,773</b>
Income tax expense	5	<u>-</u>	<u>-</u>
<b>Net income after tax representing total comprehensive income for the financial year</b>		<u><b>2,387,925</b></u>	<u><b>2,052,773</b></u>
Net income after tax is made up of the following:			
Net realised income		<u>2,387,925</u>	<u>2,052,773</u>
		<u>2,387,925</u>	<u>2,052,773</u>
Net distribution for the financial year	9(c)	<u>2,333,805</u>	<u>1,974,857</u>
Gross distribution per unit	9(c)	<u>0.019</u>	<u>0.012</u>
Net distribution per unit	9(c)	<u>0.019</u>	<u>0.012</u>

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

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

	Note	2022 RM	2021 RM
<b>ASSETS</b>			
Islamic deposits with financial institutions	7	114,509,009	114,242,583
Other receivables		137,744	129,066
Cash at bank		11,460	4,486
<b>TOTAL ASSETS</b>		<u>114,658,213</u>	<u>114,376,135</u>
<b>LIABILITIES</b>			
Due to Manager		18,704	17,005
Due to Trustee		4,025	3,685
Other payables		12,241	9,202
<b>TOTAL LIABILITIES</b>		<u>34,970</u>	<u>29,892</u>
<b>EQUITY</b>			
Unit holders' capital	9(a)	99,777,983	99,555,103
Retained earnings	9(b), 9(c)	14,845,260	14,791,140
<b>TOTAL EQUITY, REPRESENTING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS</b>	9	<u>114,623,243</u>	<u>114,346,243</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>114,658,213</u>	<u>114,376,135</u>
<b>UNITS IN CIRCULATION</b>	9(a)	<u>114,489,002</u>	<u>114,266,120</u>
<b>NAV PER UNIT (RM)</b>		<u>1.0012</u>	<u>1.0007</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 OCTOBER 2022**

	<b>Unit holders' capital Note 9(a) RM</b>	<b>Retained earnings Note 9(b) and 9(c) RM</b>	<b>Total equity RM</b>
As at 16 October 2020	123,179,193	14,713,224	137,892,417
Total comprehensive income for the financial year	-	2,052,773	2,052,773
Creation of units from:			
- Sale	255,095,679	-	255,095,679
- Distribution	2,053,633	-	2,053,633
Distribution	-	(1,974,857)	(1,974,857)
Cancellation of units	(280,773,402)	-	(280,773,402)
As at 15 October 2021	<u>99,555,103</u>	<u>14,791,140</u>	<u>114,346,243</u>
As at 16 October 2021	99,555,103	14,791,140	114,346,243
Total comprehensive income for the financial year	-	2,387,925	2,387,925
Creation of units from:			
- Sale	124,060,188	-	124,060,188
- Distribution	2,333,805	-	2,333,805
Distribution	-	(2,333,805)	(2,333,805)
Cancellation of units	(126,171,113)	-	(126,171,113)
As at 15 October 2022	<u>99,777,983</u>	<u>14,845,260</u>	<u>114,623,243</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 OCTOBER 2022**

	<b>Note</b>	<b>2022 RM</b>	<b>2021 RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>			
Islamic deposits and placements with licensed banks and other financial institutions with original maturity of more than 3 months		(13,486,435)	-
Proceed from maturity of placements		-	23,514,000
Income from Islamic deposit placements received		2,535,132	2,188,158
Manager's fee paid		(120,294)	(124,486)
Trustee's fee paid		(24,058)	(24,898)
Audit fee paid		-	(3,500)
Payment for other fees and expenses		<u>(6,455)</u>	<u>(10,561)</u>
Net cash (used in)/generated from operating and investing activities		<u>(11,102,110)</u>	<u>25,538,713</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		124,060,188	255,095,679
Cash payment for units cancelled		<u>(126,171,113)</u>	<u>(280,773,402)</u>
Net cash used in financing activities		<u>(2,110,925)</u>	<u>(25,677,723)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(13,213,035)</b>	<b>(139,010)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>114,247,069</u>	<u>114,386,079</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		<u>101,034,034</u>	<u>114,247,069</u>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank		11,460	4,486
Islamic deposits with financial institutions	7	<u>114,509,009</u>	<u>114,242,583</u>
		114,520,469	114,247,069
Less: Islamic deposits with original maturity of more than 3 months		<u>(13,486,435)</u>	-
		<u>101,034,034</u>	<u>114,247,069</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**

MIDF Amanah Shariah Money Market Fund (hereinafter referred to as 'the Fund') was constituted pursuant to the executed deed ("the Deed") dated 1 April 2004 between Asia Unit Trusts Berhad ("AUTB"), the Trustee – Maybank Trustees Berhad and the Registered Holders of the Fund. The Fund commenced its operations on 5 April 2004 and will continue its operations until terminated by the Trustee as provided under Clause 12 of the Deed.

AUTB, MIDF Amanah Asset Management Berhad and Maybank Trustees Berhad had entered into a novation agreement dated 18 November 2009 to transfer and assign the management of the Fund to MIDF Amanah Asset Management Berhad, including all the rights, duties and obligations according to the Second Supplemental Deed of the Fund registered with the Securities Commission ("SC") on 18 November 2009. The effective date of the transfer was 1 January 2010 and subsequently, the Fund changed its name to MIDF Amanah Islamic Bond Fund.

The Third Supplemental Deed of the Fund was registered with the SC on 18 October 2010 in which the name, investment objective, permitted investments, income distribution payment via cheque and quorum of unit holders' meeting of the Fund were amended. Effective from 1 January 2011, the Fund changed its name to MIDF Amanah Shariah Money Market Fund.

The Fourth Supplemental Deed of the Fund was registered with the SC on 6 June 2013 in which the distribution policy of the Fund as stipulated under the Tenth Schedule of the Supplemental Deed had been removed.

The Fifth Supplemental Deed was registered with the SC on 20 March 2015 in which a provision relating to goods and services tax was included. The amendments to the clause only came into effect on 1 April 2015 upon the implementation of the Goods and Services Tax Act 2014.

The principal activity of the Fund is to invest in Authorised Investments as defined under the Second Schedule of the Deed, which includes sukuk of companies traded on eligible markets and stock exchange, Government Investment Issues, Islamic Accepted Bills, Bank Negara Monetary Notes-i, Cagamas Sukuk, Islamic Money Market instruments and Shariah-based deposits and placements with licensed financial institutions. The Fund will only invest in Shariah-compliant instruments with maturity of seven (7) years or less.

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. The holding companies are incorporated in Malaysia.

## 1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES (CONT'D.)

The principal activities of the Manager are the provision of fund management and 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 5 December 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”).

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	Effective for annual periods beginning on or after
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116: <i>Proceeds before Intended Use</i>	1 January 2022
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

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

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

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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
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.

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

### (c) Financial assets (Cont'd.)

#### (i) Financial assets at FVTPL

A financial asset is measured at FVTPL 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 assets or liabilities or recognising the gains and losses on them on different bases.

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'. Profit earned and dividend revenue elements of such instruments are recorded separately in 'Profit income' and 'Dividend income', respectively. 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 SPPP on the principal amount outstanding. The Fund includes short term receivables and Islamic deposits with financial institutions in this classification.

Subsequent to initial recognition, 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.

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

### (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 year 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.

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 trade and 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.

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

### (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.

### (i) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, bank balances and Islamic deposits and 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.

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.

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

### (l) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. 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 the segment.

### (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 0.1% (2021: 0.1% ) per annum 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 0.02% (2021: 0.02%) per annum 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	-	-

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.

## 5. INCOME TAX EXPENSE (CONT'D.)

A reconciliation of income tax expense applicable to net 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 income before tax	<u>2,387,925</u>	<u>2,052,773</u>
Tax at Malaysian statutory rate of 24%	573,102	492,666
Effect of income not subject to tax	(610,514)	(531,661)
Expenses not deductible for tax purposes	<u>37,412</u>	<u>38,995</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. ISLAMIC DEPOSITS WITH FINANCIAL INSTITUTIONS

	2022 RM	2021 RM
Islamic deposits with:		
Licensed Islamic banks	92,489,317	78,178,316
Licensed investment banks	<u>22,019,692</u>	<u>36,064,267</u>
	<u>114,509,009</u>	<u>114,242,583</u>

The effective average profit rate for short-term Islamic placements is 2.92% (2021: 1.84%) per annum. The average remaining maturity of the deposits is 15 days (2021: 21 days).

## 8. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser has confirmed that the investment portfolio of the Fund is Shariah-compliant, which comprises Islamic cash placements and liquid assets in local market, which are placed in Shariah-compliant investment instruments.

## 9. TOTAL EQUITY

	Note	2022 RM	2021 RM
Unit holders' capital	(a)	99,777,983	99,555,103
Retained earnings			
- Realised and distributable	(b)	<u>14,845,260</u>	<u>14,791,140</u>
Total equity		<u>114,623,243</u>	<u>114,346,243</u>

## 9. TOTAL EQUITY (CONT'D.)

### (a) Unit holders' capital

	2022		2021	
	No. of units	RM	No. of units	RM
As at beginning of the financial year	114,266,120	99,555,103	137,890,584	123,179,193
Creation of units from:				
- Sale	124,060,188	124,060,188	255,095,679	255,095,679
- Distribution	2,333,804	2,333,805	2,053,258	2,053,633
Cancellation of units	(126,171,110)	(126,171,113)	(280,773,401)	(280,773,402)
As at the end of the financial year	<u>114,489,002</u>	<u>99,777,983</u>	<u>114,266,120</u>	<u>99,555,103</u>

### (b) Realised and distributable

	2022 RM	2021 RM
As at beginning of the financial year	14,791,140	14,713,224
Net realised income	2,387,925	2,052,773
Distribution	<u>(2,333,805)</u>	<u>(1,974,857)</u>
As at the end of the financial year	<u>14,845,260</u>	<u>14,791,140</u>

### (c) Distribution

Detail of distributions to unit holders during the financial year are as follows:

2022		Distribution	Total
Distribution Ex-date	Reinvestment date	per unit RM	distribution RM
31.10.2021	1.11.2021	0.001	166,066
30.11.2021	1.12.2021	0.001	161,822
31.12.2021	1.1.2022	0.001	144,559
31.1.2022	1.2.2022	0.001	162,401
28.2.2022	1.3.2022	0.001	142,791
31.3.2022	1.4.2022	0.002	199,973
30.4.2022	1.5.2022	0.002	201,701
31.5.2022	1.6.2022	0.002	211,319
30.6.2022	1.7.2022	0.002	219,325
31.7.2022	1.8.2022	0.002	238,999
31.8.2022	1.9.2022	0.002	246,993
30.9.2022	1.10.2022	0.002	237,856
		<u>0.019</u>	<u>2,333,805</u>

## 9. TOTAL EQUITY (CONT'D.)

### (c) Distribution (Cont'd)

2021		Distribution	Total
Distribution Ex-date	Reinvestment date	per unit RM	distribution RM
16.10.2020	1.11.2020	0.001	97,676
30.11.2020	1.12.2020	0.001	173,258
31.12.2020	1.1.2021	0.001	186,101
31.1.2021	1.2.2021	0.001	191,025
28.2.2021	1.3.2021	0.001	173,641
31.3.2021	1.4.2021	0.001	197,889
30.4.2021	1.5.2021	0.001	177,327
31.5.2021	1.6.2021	0.001	163,303
30.6.2021	1.7.2021	0.001	136,445
31.7.2021	1.8.2021	0.001	156,417
31.8.2021	1.9.2021	0.001	176,479
30.9.2021	1.10.2021	0.001	145,296
		0.012	1,974,857

As at 15 October 2022, the gross and net distribution per unit is RM0.019 based on total units in circulation as at reporting date and total distribution of 114,489,002 units and RM2,333,805 respectively (2021: gross and net distribution per unit of RM0.012 based on total units in circulation as at reporting date and total distribution of 114,266,120 units and RM1,974,857 respectively).

The distribution during the financial year was made from the following sources:

	2022 RM	2021 RM
Investment income	2,489,690	2,137,338
Less: Expenses	(155,885)	(162,481)
Total income distribution for the financial year	2,333,805	1,974,857

## 10. UNITS HELD BY RELATED PARTIES

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

	2022		2021	
	No. of units	RM	No. of units	RM
The Manager	-	-	-	-
Related companies of the Manager	38,233,066	38,233,066	46,337,855	46,337,855

The related companies of the Manager are the subsidiaries of Malaysian Industrial Development Finance Berhad.

## 11. TRANSACTIONS WITH DEALERS

For the financial year ended 15 October 2022 and 15 October 2021, no transactions were transacted with dealers.

## 12. TOTAL EXPENSE RATIO (“TER”)

The TER 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 October 2022, the TER of the Fund stood at 0.13% (2021: 0.13%).

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

The PTR of the Fund is the ratio of the average acquisitions and disposal of the Fund for the financial year to the average NAV of the Fund. For the financial year ended 15 October 2022, the PTR of the Fund stood at 39.60 times (2021: 39.79 times).

## 14. FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

The Fund’s financial assets and financial liabilities are measured on an ongoing basis at amortised cost based on their respective classification. The significant accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses are recognised:

- (a) all of the Fund’s financial assets, comprising Islamic deposits with financial institutions, cash at bank and other receivables, are classified as financial assets at amortised cost; and
- (b) all of the Fund’s financial liabilities, comprising sundry creditors, amount due to Manager and amount due to Trustee, are classified as other financial liabilities which are measured at amortised cost.

Total profit income recognised on the Fund’s financial assets is disclosed in the statement of comprehensive income. The Fund does not have any financial assets or financial liabilities which are carried at fair value.

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

The carrying amounts of the Fund’s financial instruments approximate their respective fair values due to the short term maturities of these instruments.

## 15. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

### (a) Introduction

The Fund is exposed to a variety of risks including profit rate risk, credit risk, and liquidity risk. Whilst these are the most important types of financial risks inherent in each type of financial instrument, 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 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 managing 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 the 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 risks type and activities.

### (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 that no derivatives shall be undertaken for either investment risk management purposes or for trading.

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

### (e) 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.

### (f) 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.

### (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.

## 15. 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
<b>2022</b>		
<b>Financial assets:</b>		
Islamic deposits with financial institutions	114,509,009	114,509,009
Other financial assets	149,204	149,204
Total undiscounted financial assets	<u>114,658,213</u>	<u>114,658,213</u>
<b>Financial liabilities:</b>		
Other financial liabilities	34,970	34,970
Total undiscounted financial liabilities	<u>34,970</u>	<u>34,970</u>
NAV attributable to unit holders	<u>114,623,243</u>	<u>114,623,243</u>
Liquidity surplus	<u>-</u>	<u>-</u>
	Less than 1 month RM	Total RM
<b>2021</b>		
<b>Financial assets:</b>		
Islamic deposits with financial institutions	114,242,583	114,242,583
Other financial assets	133,552	133,552
Total undiscounted financial assets	<u>114,376,135</u>	<u>114,376,135</u>
<b>Financial liabilities:</b>		
Other financial liabilities	29,892	29,892
Total undiscounted financial liabilities	<u>29,892</u>	<u>29,892</u>
NAV attributable to unit holders	<u>114,346,243</u>	<u>114,346,243</u>
Liquidity surplus	<u>-</u>	<u>-</u>

## **16. 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 are disclosed in Note 9(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.

## **17. 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 invests only in short term Islamic deposits and all of its investments are located in Malaysia, therefore disclosure by business and geographical segment is not presented.

## CORPORATE INFORMATION

<b>MANAGER</b>	MIDF Amanah Asset Management Berhad Registration No: 197201000162 (11804-D)
<b>REGISTERED OFFICE</b>	Level 21, Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur Tel: 03 - 2173 8888
<b>BUSINESS OFFICE</b>	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: <a href="http://www.midf.com.my/index.php/en/what-we-do-en/asset-management">www.midf.com.my/index.php/en/what-we-do-en/asset-management</a>
<b>TRUSTEE</b>	AmanahRaya Trustees Berhad (766894-T) Tingkat 14, Wisma AmanahRaya, No. 2 Jalan Ampang, 50508 Kuala Lumpur
<b>BOARD OF DIRECTORS</b>	Hasnah Omar – Chairman Datuk Joseph Dominic Silva Tai Keat Chai Hasman Yusri Yusoff Norziana Mohd Inon (Appointed effective 27 May 2022) Shan Kamahl Mohammad (Appointed effective 10 October 2022) Ahlan Nasri Mohd Nasir (Resigned effective 2 March 2022) Dato' Charon Wardini Mokhzani (Resigned effective 17 May 2022) Mohamed Sany Mohamed Zainudin (Resigned effective 7 July 2022)
<b>OVERSIGHT COMMITTEE MEMBERS</b>	Hasman Yusri Yusoff - Chairman Tai Keat Chai Sheikh Shahrudin Sheikh Salim (Appointed effective 1 March 2022) Ahlan Nasri Mohd Nasir (Resigned effective 1 January 2022)
<b>BOARD AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS</b>	Tai Keat Chai – Chairman Hasnah Omar Hasman Yusri Yusoff
<b>COMPANY SECRETARIES</b>	Hadidah Amin (LS 05402) Lailatul Mardhiyah Said Abdullah [LS0010110]
<b>AUDITOR</b>	Ernst & Young Level 23A, Menara Milenium, Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur

## CORPORATE INFORMATION (CONT'D.)

<b>TAX ADVISER</b>	Ernst & Young Tax Consultants Sdn Bhd Level 23A, Menara Milenium, Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
<b>SHARIAH ADVISER</b>	MIDF Amanah Investment Bank Berhad (23878-X) (Shariah Committee) Level 21, Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur
<b>PRINCIPAL BANKERS</b>	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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Website: [www.midf.com.my/index.php/en/what-we-do-en/asset-management](http://www.midf.com.my/index.php/en/what-we-do-en/asset-management)