

MIDF AMANAH ESG MUSTADAMAH FUND

SEMI ANNUAL REPORT For The Half Year Ended 15th November 2022



MIDF Amanah Asset Management Berhad

Business Registration No.: 197201000162 (11804-D)

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MIDF AMANAH ASSET MANAGEMENT BERHAD

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

15th November 2022

Dear Unitholders:

FUND CATEGORY AND TYPE

Fund Category	ESG Shariah-compliant Equity
Fund Type	Growth

ASSET ALLOCATION AS AT 15 NOVEMBER 2022

Shariah-Compliant Equities	85.5%
Islamic Money Market Instruments and Others	14.5%

PERFORMANCE OF THE FUND

MIDF Amanah ESG Mustadamah Fund (“MAEMF”)	15/11/2022	15/05/2022	%
Net Asset Value (“NAV”) (RM)	10,146,068	10,649,523	-4.73
NAV per Unit (RM)	0.9968	1.0465	-4.76
FTSE4Good Index Bursa Malaysia (“F4GBM”)	834.18	882.59	-5.48

*Note: 15 May 2022 is the first financial year of the Fund after the Fund was launched on 18 June 2021.

For the Semi-Annual Financial Year ended 15 November 2022, the NAV per unit of MAEMF decreased by 4.76% as compared to its absolute return target of 3% (6% per annum), translating to underperformance of 7.76%.

The key objective of MAEMF is to achieve long-term capital growth through investments in equities with solid ESG ratings and sustainability considerations. For the period under review, the Fund did not achieve the return objective on the back of the challenging market environment.

EQUITY MARKET REVIEW

For the period under review, market sentiment was generally bearish driven largely by macro headwinds, such as tension in eastern Europe, the Covid-19 lockdown in China, high inflation, and aggressive tightening by central banks to tame the high inflationary pressures, which has prompted the markets to start in a bearish fashion in April 2022. United States ("US") economic data also showed signs of weakening, while persistent inflationary pressure has led the Federal Reserve ("Fed") into a more aggressive measures of interest rate hikes. Inflation increased 1.2% in March 2022, a sharp pick-up from February 2022, resulting in the annual inflation rate picking up to 8.5% from 7.9%, its highest level since December 1981.

In May 2022, global equity markets were largely mixed, as worries over rising inflation, a potentially faster pace of central bank tightening, and the ongoing war in Ukraine continued to dominate market sentiments. The concerns continued in June 2022, with markets trading lower before rebounded in July 2022 as investors began to focus on the prospect of interest rate cuts next year, given signs of a slowing global economy after aggressive monetary tightening from central banks worldwide.

Growth stocks were the primary beneficiaries, with solid gains in July 2022 after poor performance year-to-date (YTD). Central banks' commitment to bringing inflation under control, despite the inherent risks to the growth outlook, shook equity markets in August 2022, echoed by Federal Reserve Chair Jerome Powell in his Jackson Hole speech that the central bank won't back off in its fight against rapid inflation. All in all, the uncertainty level about the global economic outlook remained elevated, reflected by the poor performance of developed countries' stock markets that were largely in the red.

Global equity markets continued the downtrend in September 2022 due to US Fed's 0.75% rate hike and higher than expected inflation data. The weakness in the US markets was exacerbated by the European Central Bank's decision to raise interest rates by 75 bps in September 2022, following a rise of 50 bps in July 2022, and the UK's currency crisis after announcing a plan to cut taxes for top earners.

Our local Index, the FBM KLCI, fell by 7.8% to 1,394 points in September 2022, breaking the psychological support of 1,400 points, amid foreign selling and concern about aggressive interest rate hikes by central banks globally. The decline in September 2022 proved to be significant as it offset the gains in July 2022 and August 2022, with the FBM KLCI closed the third quarter in the red with a 3.43% decline. In addition, other benchmarks such as FBM Mid 70, FBM Emas, FBM Hijrah Shariah, and FBM Emas Shariah also fell in September 2022.

For the period under review, the FBM Hijrah Shariah closed at 10,648.21 points, outperforming the FBM Emas Shariah Index by 2.4% (YTD) but underperformed FBM KLCI and FBM Mid 70 by 5.23% (YTD) and 0.8% (YTD), respectively.

KEY MARKET RISKS

- Heightened geopolitical risks such as the looming Ukraine-Russia conflict may derail global recovery and negatively affect investors' sentiment.
- Faster than expected interest rate tightening by the US Fed and other central banks worldwide as well as uncertainties surrounding the pace of re-setting the monetary stance may increase market volatility.

- Spike in Covid-19 cases around major world economies may hamper global economic growth, such as the ongoing lockdown in China.
- Uncertainties over the domestic political scene as the 15th general election draws near.

INVESTMENT OUTLOOK AND STRATEGY

The global economic outlook has further deteriorated, and growth across Asia as well as the Pacific region is defied to endure a slower pace amid the continuing impact of Russia and Ukraine conflicts, rising inflation concerns, interest rate hikes and increasing potential recession throughout the region.

Nevertheless, price pressures in developing Asia including Malaysia remain modest compared to advanced economies, supported by positive consumer sentiment whilst the economy continues to attain stability with an average GDP growth of 7% in 1H2022. In addition, the World Bank had revised up its 2022 economic growth forecast for Malaysia from 5.5% to 6.4% while the Standard & Poor had revised Malaysia's GDP to grow to 7% in 2022 versus earlier expectation of 6.1%.

A further paring of Covid restrictions in 2Q and 3Q, along with high prices for commodity exports, should support domestic economic momentum trajectory into year-end. The increase in inflation has been relatively benign, that is well containing the damage to household spending power.

The FBM KLCI which is currently trades at -2.6 standard deviation (STD) below 5-year mean (a sharp correction from its peak of +1.5 STD in December 2020 when the index was at 1,685 points), provides a good opportunity for value investors to enter Malaysian equities, while the solid dividend yield of 4.73% further improve the total returns for investors. From a multiple forward valuation of 12.4x (E) PER for 2023, the index is trading well below its 5-year mean of 18x PER.

Nonetheless, having not spared from the global slowdown, Malaysia faces numerous economic threats, posting growth risks to the downside for 2022 and 2023. Our main trading partner, China, is tackling simultaneous challenges on top of maintaining a Covid-Zero strategy. Soaring inflation prompts a more aggressive monetary tightening in the US and other major central banks, thus fueling recession fears. High prices for essentials are also reducing spending power across trading partners, damping non-commodity export receipts. The approach of elections, due in 2023, may sideline investors.

The upbeat momentum of economic reopening may fade as pent-up demand becomes satiated and as government spending on fuel subsidies reaches its limit. Higher inflation will dent household spending power. A prolong inflationary pressures with higher borrowing costs will increase the cost of doing businesses for corporates whilst steeper slowdowns in the US, China and Europe will dent exports.

Longer term, fiscal consolidation to keep debt at a sustainable level will hinder the government's ability to support plans for the country's transformation to a high-income economy. Capital spending by the private sector will also be more constrained if borrowing costs and political uncertainty remain elevated. These are amongst the key immediate concerns that the government is religiously taking measures to address, so as not to further derail the overall economic growth.

The outlook for FBM KLCI is expected to be bumpy in the fourth quarter of 2022 and investors are expected to tread cautiously and adopting tactical strategy in light of the highly volatile market conditions. Over the course of the third quarter, many analysts have revised down their FBM KLCI targets from an average of 1,600 points to a range of between 1,520 to 1,550 points.

As yearend draws closer, strategy going forward will be anchored on positioning the portfolio going into year 2023:-

- Focus on recovery/re-opening and structural growth themes. For recovery themes, we focus on value and cyclical growth sectors such as Consumer Discretionary, Telecommunication, Energy, Industrials and Materials. For structural growth themes, we like sectors such as Technology and Renewable Energy which valuations have become attractive following the recent selloff. For structural growth themes, we like sectors such as Technology and Renewable Energy.
- Remain buyers on market weakness, taking opportunities to buy selectively on dips, astute stock picking, nibbling value, and cyclical names on weakness, with core holdings in growth, defensive, and high-yielding stocks.
- A balanced portfolio with a combination of value and growth stocks remains relevant in navigating the highly volatile market conditions. Our focus will anchor on building value stocks with quality tilt (strong cash flow and solid earnings growth) and appealing dividends to minimize downside risks or value contraction whilst capturing alpha on the potential upside.
- Active asset allocation strategy with a more defensive approach is pivotal as market prices are likely to correct materially lower in a scenario of economic slowdown, with the resulting downward earnings revisions on the back of the generally bearish sentiment. Hence, we reiterate the case for a prudent and defensive asset allocation to risky assets going into 4Q2022, waiting for more visibility on corporate earnings growth.
- We will continue to remain committed towards our Sustainable Responsible Investment ("SRI") as well as Environmental, Social, and Governance ("ESG") themes across our investment approach, reinforced by our product launches as well as investment solutions/value propositions.

CURRENT PROFILE OF UNITHOLDINGS BY SIZE

Size of Unitholdings	No of Unitholders	No. of Units Held	% of Unitholders
5000 and below	1	3,040	20.00
5,001 to 10,000	1	10,000	20.00
10,001 to 50,000	2	59,333	40.00
50,001 to 500,000	0	0	0.00
500,001 and above	1	10,106,682	20.00
	5	10,179,015	100.00

PORTFOLIO COMPOSITION	As at 15.11.2022	As at 15.05.2022
	%	%
Construction	-	-
Consumer Products & Services	19.4	15.8
Energy	-	4.1
Finance	3.6	5.5
Healthcare	-	-
Industrial Products & Services	13.4	15.1
Infrastructure	-	-
Plantation	12.8	6.3
Property	-	-
Technology	7.1	9.0
Telecommunications & Media	18.0	11.0
Transportations & Logistics	6.9	4.0
Utilities	4.3	10.2
Cash and other Net Assets	14.5	19.0
	100.00	100.00

PERFORMANCE DATA		As at 15.11.2022	As at 15.05.2022
Net Asset Value	[RM]	10,146,068	10,649,523
Units in Circulation	[Units]	10,179,055	10,176,015
Net Asset Value per Unit	[RM]	0.9968	1.0465
Highest NAV*	[RM]	1.0519	1.0965
Lowest NAV*	[RM]	0.9935	0.9897
Total Return:			
- Capital Growth	[%]	-0.32	4.65
- Income Distribution		Nil	Nil
Total Expenses Ratio (TER) ¹	[%]	0.85	1.43
Portfolio Turnover Ratio (PTR) ²	[x]	0.55	1.32

- a) The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”).
- b) No cross-trade transactions have been carried out during the reported period.

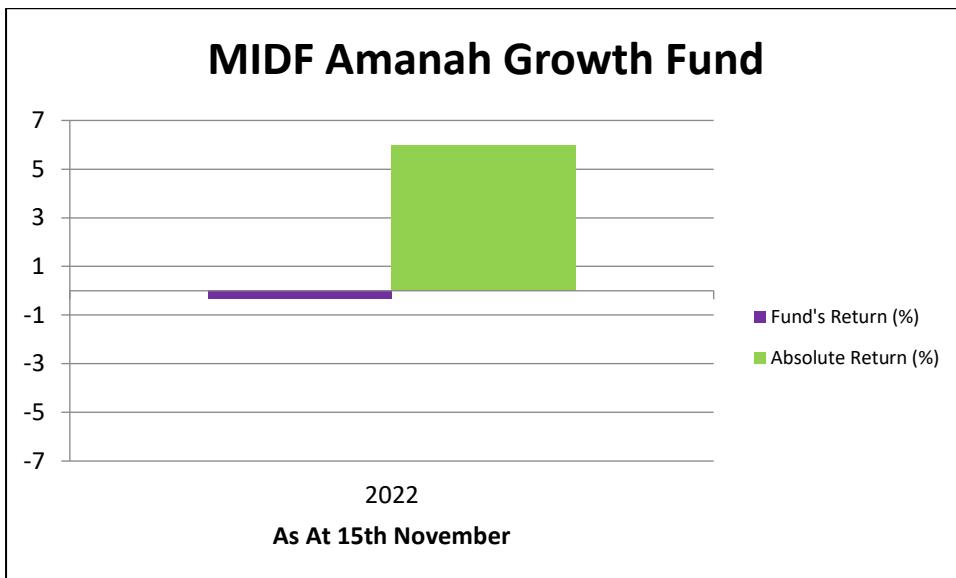
Notes:

* 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") (if any).

1. The TER for the Semi- Annual financial year ended 15 November 2022 stood at 0.85%.
2. The PTR for the Semi- Annual financial year ended 15 November 2022 was at 0.55 times.

ANNUAL TOTAL RETURN

MAEMF	
As At 15 th November	2022
Fund's Return (%)	-0.32
Absolute Return Target p.a. (%)	6.00



AVERAGE TOTAL RETURN

	The Fund	Absolute Return Target
One year	-0.32	6.00

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 Mohammad
Director

Date: 30 December 2022

MIDF AMANAH ESG MUSTADAMAH FUND

Manager's Report

The Manager hereby submit its report and the unaudited condensed interim financial statements of the MIDF Amanah ESG Mustadamah ("the Fund") for the six months financial period ended 15 November 2022.

Principal Activities of the Manager

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

There have been no significant changes in these principal activities during the six months financial period.

Investments of the Fund

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

Sector	Aggregate cost as at 16.05.2022 RM	Acquisitions RM	Disposals RM	Aggregate cost as at 15.11.2022 RM
Consumer Products & Services	1,727,430	1,050,489	(752,302)	2,025,617
Energy	386,932	310,375	(697,307)	-
Financial Services	572,489	-	(198,551)	373,938
Health Care	-	63,630	(63,630)	-
Industrial Products & Services	1,736,485	684,992	(961,289)	1,460,188
Plantation	593,650	1,160,905	(427,602)	1,326,953
Technology	1,235,219	922,774	(1,446,451)	711,542
Telecommunications & Media	1,343,330	1,106,419	(575,309)	1,874,440
Transportation & Logistics	379,739	570,575	(263,322)	686,992
Utilities	1,084,637	-	(621,295)	463,342
Result	9,059,911	5,870,159	(6,007,058)	8,923,012
			RM	
Net loss after tax				506,426

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

MIDF AMANAH ESG MUSTADAMAH FUND

Investment Objective

The objective of the Fund is aims to achieve medium to long term sustainable capital appreciation in an ESG portfolio of Shariah-compliant equities.

Management Fees

During the financial period, the Manager is entitled to a management fee of RM76,468 (22.07.2021 (commencement date) to 15.05.2022: RM76,791). The Manager's fee is computed on a daily basis at 1.5% (22.07.2021 (commencement date) to 15.05.2022: 1.5%) per annum of the Net Asset Value ("NAV") of the Fund before deducting the Manager's and Trustee's fee for that particular day.

Distribution

Distribution is incidental (if any), is declared at the end of the financial year, or for any other period and will be at the discretion of the Manager, after deduction of taxation and expenses (i.e., net distribution) will be reinvested unless the unit holder specifically requests for distribution to be paid out to the unit holder by indicating in the purchase/switch form. 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 income distribution reinvestments. For unit holder who specifically requests for distribution to be paid out, it will be credited into the bank account opened with licensed financial institutions in Malaysia. In the absence of a valid and active bank account, the distribution will be reinvested based on the NAV per unit on a business day determined at the discretion of the Manager.

The Manager does not propose any distribution for the financial period ended 15 November 2022 (22.07.2021 (commencement date) to 15.05.2022: Nil).

Unit Split

No unit split was made during the six months financial period ended 15 November 2022 (22.07.2021 (commencement date) to 15.05.2022: Nil).

Changes in Value of Fund

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

MIDF AMANAH ESG MUSTADAMAH FUND

Policy on Stockbroking Rebates and Soft Commission

The Manager, the Manager's delegate, the Trustee or Trustee's delegate will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. However, soft commissions may be retained by the Manager and its delegates for payment of goods and services such as research material, data and quotation services and investment management tools, which are of demonstrable benefit to unit holders.

Directors of the Manager

The directors of the Manager since the beginning of the current financial period 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

HASNNAH OMAR

Director

SHAN KAMAHL MOHAMMAD

Director

Kuala Lumpur, Malaysia

Date: 30 December 2022

TRUSTEE'S REPORT

To the unit holders of **MIDF AMANAH ESG MUSTADAMAH FUND ("the Fund")**

We have acted as Trustee of the Fund for the financial period ended 15 November 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 period covered by these financial statements in accordance with the following:

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

For **AMANAHRAYA TRUSTEES BERHAD**

ZAINUDIN BIN SUHAIMI

Chief Executive Officer

Date: 12 December 2022

**SHARIAH ADVISER'S REPORT
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022**

**To the unit holders of
MIDF AMANAH ESG MUSTADAMAH 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 asset of the fund comprises of instruments that have been classified as Shariah-compliant.

The Shariah Committee of MIDF Amanah Investment Bank Berhad as Shariah Adviser for **MIDF Amanah ESG MUSTADAMAH 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, MIDF Shariah Committee
MIDF Amanah Investment Bank Berhad

Date: 12 December 2022

MIDF AMANAH ESG MUSTADAMAH FUND

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 unaudited condensed interim financial statements set out on pages 7 to 35 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 ESG Mustadamah Fund as at 15 November 2022 and of its financial performance, changes in equity and cash flows for the six months financial period then ended.

On behalf of the Manager
MIDF Amanah Asset Management Berhad

HASNAH OMAR

Director

SHAN KAMAHL MOHAMMAD

Director

Kuala Lumpur, Malaysia
Date: 30 December 2022

MIDF AMANAH ESG MUSTADAMAH FUND

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022**

	16.05.2022	
	to	
	15.11.2022	
	Note	RM
INVESTMENT INCOME		
Dividend income		172,341
Profit income from Islamic deposits with financial institutions		18,683
Net loss from financial asset at fair value through profit or loss ("FVTPL")	7	<u>(562,925)</u> <u>(371,901)</u>
EXPENSES		
Manager's fee	3	(76,468)
Trustee's fee	4	(2,549)
Brokerage's fee		(28,019)
Auditors' remuneration		(3,529)
Tax agent's fee		(1,147)
Administrative expenses		<u>(22,813)</u> <u>(134,525)</u>
Net loss before tax		(506,426)
Income tax expense	5	<u>-</u>
Net loss after tax representing total comprehensive loss for the financial period		<u>(506,426)</u>
Net loss after tax is made up of the following:		
Net realised (loss)/gain		(671,367)
Net unrealised gain/(loss)		<u>164,941</u> <u>(506,426)</u>

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

MIDF AMANAH ESG MUSTADAMAH FUND

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 15 NOVEMBER 2022**

	Note	15.11.2022	15.05.2022
		RM	RM
ASSETS			
Financial assets at FVTPL	7	8,659,599	8,631,557
Islamic deposits with financial institutions	8	1,477,381	2,066,533
Other receivables		21,086	14,132
Cash at bank		14,323	10,829
TOTAL ASSETS		<u>10,172,389</u>	<u>10,723,051</u>
LIABILITIES			
Amount due to brokers		-	43,539
Due to Manager		18,818	20,118
Due to Trustee		627	671
Other payables		6,876	9,200
TOTAL LIABILITIES		<u>26,321</u>	<u>73,528</u>
EQUITY			
Unit holders' capital	10(a)	10,873,016	10,870,045
Accumulated loss	10(b), 10(c)	(726,948)	(220,522)
TOTAL EQUITY, REPRESENTING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS	10	<u>10,146,068</u>	<u>10,649,523</u>
TOTAL EQUITY AND LIABILITIES		<u>10,172,389</u>	<u>10,723,051</u>
UNITS IN CIRCULATION	10(a)	<u>10,179,055</u>	<u>10,176,015</u>
NAV PER UNIT (RM)		<u>0.9968</u>	<u>1.0465</u>

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

MIDF AMANAH ESG MUSTADAMAH FUND

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022**

	Unit holders' capital Note 10(a) RM	Accumulated loss Note 10(b) and 10(c) RM	Total equity RM
At 22 July 2021 (commencement date)	-	-	-
Total comprehensive loss for the financial period	-	(220,522)	(220,522)
Creation of units	10,854,718	-	10,854,718
Distribution equalisation	16,981	-	16,981
Cancellation of units	(1,654)	-	(1,654)
At 15 May 2022	10,870,045	(220,522)	10,649,523
At 16 May 2022	10,870,045	(220,522)	10,649,523
Total comprehensive loss for the financial period	-	(506,426)	(506,426)
Creation of units	2,971	-	2,971
At 15 November 2022	10,873,016	(726,948)	10,146,068

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

MIDF AMANAH ESG MUSTADAMAH FUND

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022**

	16.05.2022	
	to	
	15.11.2022	
	Note	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	5,256,389	
Purchase of investments	(5,939,059)	
Dividends received	165,158	
Profit received	18,912	
Manager's fee paid	(77,768)	
Trustee's fee paid	(2,593)	
Payment for other fees and expenses	<u>(9,668)</u>	
Net cash used in operating and investing activities	<u>(588,629)</u>	
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	2,971	
Cash payment for units cancelled	-	
Net cash generated from financing activities	<u>2,971</u>	
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(585,658)	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,077,362</u>	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>1,491,704</u>	
Cash and cash equivalents comprise:		
Cash at bank	14,323	
Islamic deposits with financial institutions	8 1,477,381	
	<u>1,491,704</u>	

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

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

MIDF Amanah ESG Mustadamah Fund (hereinafter referred to as "the Fund") was constituted pursuant to the executed deed (the "Deed") dated 3 May 2021 between MIDF Amanah Asset Management Berhad (the "Manager") and AmanahRaya Trustees Berhad (the "Trustee"). The Fund was launched on 18 June 2021 and commenced operations on 22 July 2021. As provided in the Deed, the financial year shall end on 15 May annually.

The Fund aims to achieve medium to long term sustainable capital appreciation in an ESG portfolio of Shariah-compliant equities.

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 unaudited financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 30 December 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The unaudited condensed interim financial statements of the Fund have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by Malaysian Accounting Standards Board ("MASB") and IAS 34 *Interim Financial Reporting* issued by the International Financial Reporting Standards Board ("IASB").

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the period ended 15 May 2022. These explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Fund since the period ended 15 May 2022.

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

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

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

(a) Basis of preparation (cont'd)

The significant accounting policies and methods of computation applied by the Fund are consistent with those adopted in the most recent audited financial statement for the period ended 15 May 2022.

As allowed by the Guidelines on Unit Trust Funds issued by the Securities Commission, the Fund is not required to prepare an unaudited interim financial statements in the prior year since its first financial period is less than 12 months, whereby the commencement date was on 22 July 2021 and its first financial year ended on 15 May 2022.

Consequently, this set of unaudited interim financial statements for period ended 15 November 2022 forms as its first unaudited interim financial statements and accordingly, there are no comparatives to be provided for the unaudited statement of comprehensive income.

(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 period. 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 unaudited condensed interim 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
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

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

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

(b) New standards and amendments issued (cont'd)

Description	Effective for annual periods beginning on or after
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.

(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.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

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'. 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 Islamic financial institutions in this classification.

Subsequent to initial recognition, financing and receivables are measured at amortised cost using the effective profit rate method. Gains and losses are recognised in profit or loss when the financing and receivables 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.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

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

(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 period.

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 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.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

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

(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 bank balances and Islamic deposits and placements with banks and other Islamic financial institutions with an original maturity of three months or less, which are 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 Islamic financial institutions is recognised using the effective profit rate method.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

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

(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 (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.

(m) Significant accounting estimates and judgments

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 judgments 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 period.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

3. MANAGER'S FEE

The Manager's fee is computed on a daily basis at 1.5% (22.07.2021 (commencement date) to 15.05.2022: 1.5%) 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 0.05% (22.07.2021 (commencement date) to 15.05.2022: 0.05%) 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

16.05.2022
to
15.11.2022
RM

Charge for the financial period

-

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

The tax charge for the financial period 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 before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

16.05.2022
to
15.11.2022
RM

Net loss before tax	<u>(506,426)</u>
Tax at Malaysian statutory rate of 24%	(121,542)
Effect of income not subject to tax	(45,846)
Expense not deductible for tax purposes	167,388
Tax expense for the financial period	<u>-</u>

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

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

	15.11.2022 RM	15.05.2022 RM
Financial assets at FVTPL:		
Quoted Shariah-compliant securities	<u>8,659,599</u>	<u>8,631,557</u>
	16.05.2022 to 15.11.2022 RM	
Net loss on financial assets at FVTPL:		
Realised (loss)/gain on disposals	(727,866)	
Unrealised changes in fair values	<u>164,941</u>	
	<u>(562,925)</u>	

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

Name of Counter	Quantity/ nominal amount Units	Cost RM	Fair Value RM	% of NAV %
QUOTED SHARIAH-COMPLIANT SECURITIES				
Consumer Products & Services				
Bermaz Auto Berhad	240,000	399,132	463,200	4.6
Fraser & Neave Holdings Berhad	15,700	381,532	335,980	3.3
MR D.I.Y Group (M) Berhad	173,000	386,900	349,460	3.4
PPB Group Berhad	21,600	368,899	350,352	3.5
Sime Darby Berhad	<u>210,000</u>	<u>489,154</u>	<u>468,300</u>	<u>4.6</u>
	<u>660,300</u>	<u>2,025,617</u>	<u>1,967,292</u>	<u>19.4</u>

MIDF AMANAH ESG MUSTADAMAH FUND

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022**

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

Financial assets at FVTPL as at 15 November 2022 are as detailed below (cont'd):

Name of Counter	Quantity/ nominal amount Units	Cost RM	Fair Value RM	% of NAV %
QUOTED SHARIAH-COMPLIANT SECURITIES (CONT'D)				
Financial Services				
Bursa Malaysia Berhad	56,500	373,938	361,600	3.6
Industrial Products & Services				
Cahaya Mata Sarawak Berhad	170,000	163,363	163,200	1.6
Petronas Chemicals Group Berhad	85,600	795,266	737,872	7.3
Sunway Berhad	295,000	501,559	454,300	4.5
	<u>550,600</u>	<u>1,460,188</u>	<u>1,355,372</u>	<u>13.4</u>
Plantation				
Genting Plantation Berhad	24,200	158,112	157,300	1.5
Kuala Lumpur Kepong Berhad	14,800	363,387	319,088	3.2
Sime Darby Plantation Berhad	185,000	805,454	823,250	8.1
	<u>224,000</u>	<u>1,326,953</u>	<u>1,299,638</u>	<u>12.8</u>
Technology				
MY E.G.Services Berhad	100,000	73,590	81,500	0.8
Pentamaster Corporation Berhad	88,000	322,399	354,640	3.5
UNISEM (M) Berhad	110,000	315,553	287,100	2.8
	<u>298,000</u>	<u>711,542</u>	<u>723,240</u>	<u>7.1</u>

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

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

Financial assets held at FVTPL as at 15 November 2022 are as detailed below (cont'd.):

Name of Counter	Quantity/ nominal amount Units	Cost RM	Fair Value RM	% of NAV %
QUOTED SHARIAH-COMPLIANT SECURITIES (CONT'D.)				
Telecommunications & Media				
Axiata Group Berhad	79,700	242,860	230,333	2.3
Digi Berhad	203,000	804,149	773,430	7.6
Telekom Malaysia Berhad	149,600	827,431	816,816	8.1
	<u>432,300</u>	<u>1,874,440</u>	<u>1,820,579</u>	<u>18.0</u>
Transportation & Logistics				
MISC Berhad	<u>98,500</u>	<u>686,992</u>	<u>703,290</u>	<u>6.9</u>
Utilities				
Petronas Gas Berhad	8,200	138,066	138,088	1.4
Tenaga Nasional Berhad	35,000	325,276	290,500	2.9
	<u>43,200</u>	<u>463,342</u>	<u>428,588</u>	<u>4.3</u>
TOTAL FINANCIAL ASSETS AT FVTPL				
	<u>2,363,400</u>	<u>8,923,012</u>	<u>8,659,599</u>	<u>85.5</u>
ACCUMULATED UNREALISED LOSS				
			<u>(263,413)</u>	

8. ISLAMIC DEPOSITS WITH FINANCIAL INSTITUTIONS

	15.11.2022	15.05.2022
	RM	RM
Islamic deposits with licensed banks	<u>1,477,381</u>	<u>2,066,533</u>

The effective average profit rate for short-term placements as at 15 November 2022 is 1.67% (22.07.2021 (commencement date) to 15.05.2022: 1.82%) per annum. The average maturity of deposits as at 15 November 2022 is 1 day (22.07.2021 (commencement date) to 15.05.2022: 4 days).

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

9. SHARIAH INFORMATION OF THE FUND

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

- a. 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
- b. Islamic cash placements and liquid assets in local market, which are placed in Shariah-compliant investment instruments.

10. TOTAL EQUITY

	Note	15.11.2022 RM	15.05.2022 RM
Unit holders' capital	(a)	10,873,016	10,870,045
Accumulated loss			
- Realised and distributable	(b)	(463,535)	207,832
- Unrealised reserve and non-distributable	(c)	(263,413)	(428,354)
Total equity		<u>10,146,068</u>	<u>10,649,523</u>

(a) Unit holder's Capital

	15.11.2022 No. of Units	15.05.2022 RM	15.05.2022 No. of Units	15.05.2022 RM
As at the beginning of the period/As at 22 July 2021 (commencement date)	10,176,015	10,870,045	-	-
Creation of units	3,040	2,971	10,177,572	10,854,718
Distribution equalisation	-	-	-	16,981
Cancellation of units	-	-	(1,557)	(1,654)
As at the end of the period	<u>10,179,055</u>	<u>10,873,016</u>	<u>10,176,015</u>	<u>10,870,045</u>

MIDF AMANAH ESG MUSTADAMAH FUND

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022**

10. TOTAL EQUITY (CONT'D)

(b) Realised and distributable

	15.11.2022	15.05.2022
	RM	RM
As at the beginning of the period/As at 22 July 2021 (commencement date)	207,832	-
Net realised (loss)/gain	(671,367)	207,832
As at the end of the period	<u>(463,535)</u>	<u>207,832</u>

(c) Unrealised and non-distributable

	15.11.2022	15.05.2022
	RM	RM
As at the beginning of the period/As at 22 July 2021 (commencement date)	(428,354)	-
Net unrealised gain/(loss)	164,941	(428,354)
As at the end of the period	<u>(263,413)</u>	<u>(428,354)</u>

11. UNITS HELD BY RELATED PARTIES

For the six months period ended 15 November 2022 and financial period from 22 July 2021 (commencement date) to 15 May 2022, no units were held by the Manager.

12. TRANSACTIONS WITH RELATED PARTIES AND OTHER INVESTMENT BANKS

	Value of trade RM	% of Total Trade %	Brokerage fees RM	% of Total Brokerage Fees %
15.11.2022				
Affin Hwang Investment Bank Berhad	4,019,427	46.1	10,046	35.8
MIDF Amanah Investment Bank Berhad *	2,142,336	24.5	5,357	19.1
Public Investment Bank Berhad	1,265,656	14.5	3,271	11.7
Maybank Investment Bank Berhad**	649,839	7.5	1,642	5.9
CIMB Investment Bank Berhad	649,839	7.4	7,703	27.5
TOTAL	8,727,097	100.0	28,019	100.0

MIDF AMANAH ESG MUSTADAMAH FUND

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022**

12.

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

	Value of trade RM	% of Total Trade %	Brokerage fees RM	% of Total Brokerage Fees %
15.05.2022				
MIDF Amanah Investment				
Bank Berhad *	4,994,034	30.3	12,848	30.5
CIMB Securities Berhad	3,965,131	24.1	10,216	24.3
Maybank Investment				
Bank Berhad **	3,626,257	22.0	9,187	21.9
Public Investment Bank				
Berhad	2,414,720	14.6	6,071	14.4
Affin Hwang Investment				
Bank Berhad	1,483,864	9.0	3,744	8.9
TOTAL	16,484,006	100.0	42,066	100.0

* 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. TOTAL EXPENSES 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, auditor's remuneration, tax agent's fee and other administrative expenses. For the six months financial period ended 15 November 2022 the TER of the Fund stood at 0.85% (22.07.2021 (commencement date) to 15.05.2022: 1.43%).

14. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of the average acquisitions and disposal of the Fund for the six months financial period ended 15 November 2022 to the average NAV of the Fund stood at 0.55 times (22.07.2021 (commencement date) to 15.05.2022: 1.32 times).

MIDF AMANAH ESG MUSTADMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

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
- 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.

16.05.2022 to 15.11.2022

	Quoted Shariah- compliant equities	Islamic deposits with financial institutions	Total
	RM	RM	RM
Dividend income	172,341	-	172,341
Profit income from Islamic deposits with financial institutions	-	18,683	18,683
Net loss from investments: - financial asset at FVTPL	(562,925)	-	(562,925)
Total segment operating (loss)/income for the financial period	(390,584)	18,683	(371,901)

	15.11.2022			15.05.2022		
	Quoted Shariah- compliant equities	Islamic deposits with financial institutions	Total	Quoted Shariah- compliant equities	Islamic deposits with financial institutions	Total
	RM	RM	RM	RM	RM	RM
Financial assets at FVTPL	8,659,599	-	8,659,599	8,631,557	-	8,631,557
Islamic deposits with financial institutions	-	1,477,381	1,477,381	-	2,066,533	2,066,533
Profit Receivables	-	136	136	-	365	365
Dividend receivables	20,950	-	20,950	13,767	-	13,767
Total segment assets	8,680,549	1,477,517	10,158,066	8,645,324	2,066,898	10,712,222
Amount due to broker	-	-	-	(43,539)	-	(43,539)
Total segment liabilities	-	-	-	(43,539)	-	(43,539)

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

15. SEGMENT INFORMATION (CONT'D.)

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

	16.05.2022	to
		15.11.2022
		RM
Net reportable segment operating loss	(371,901)	
Expenses	(134,525)	
Net loss before tax	<u>(506,426)</u>	
Income tax expense	-	
Net loss after tax	<u>(506,426)</u>	

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

	15.11.2022	15.05.2021
	RM	RM
Total segment assets	10,158,066	10,712,222
Cash at bank	14,323	10,829
Total assets of the Fund	<u>10,172,389</u>	<u>10,723,051</u>
Total segment liabilities	-	43,539
Other payables	6,876	9,200
Due to Manager	18,818	20,118
Due to Trustee	627	671
Total liabilities of the Fund	<u>26,321</u>	<u>73,528</u>

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

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 November 2022 by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial assets at FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	RM	RM	RM	RM
15.11.2022				
Assets				
Financial assets at FVTPL	8,659,599	-	-	8,659,599
Islamic deposits with financial institutions	-	1,477,381	-	1,477,381
Other receivables	-	21,086	-	21,086
Cash at bank	-	14,323	-	14,323
Total financial assets	8,659,599	1,512,790	-	10,172,389
Liabilities				
Other payables	-	-	6,876	6,876
Due to Manager	-	-	18,818	18,818
Due to Trustee	-	-	627	627
Total financial liabilities	-	-	26,321	26,321
15.05.2022				
Assets				
Financial assets at FVTPL	8,631,557	-	-	8,631,557
Islamic deposits with financial institutions	-	2,066,533	-	2,066,533
Other receivables	-	14,132	-	14,132
Cash at bank	-	10,829	-	10,829
Total financial assets	8,631,557	2,091,494	-	10,723,051
Liabilities				
Other payables	-	-	9,200	9,200
Due to Manager	-	-	20,118	20,118
Due to Trustee	-	-	671	671
Due to broker	-	-	43,539	43,539
Total financial liabilities	-	-	73,528	73,528

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

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); and
- 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
15.11.2022				
Quoted Shariah-compliant securities	8,659,599	-	-	8,659,599
15.05.2022				
Quoted Shariah-compliant securities	8,631,557	-	-	8,631,557

Quoted Shariah-compliant securities

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 closing market price as published by Bloomberg.

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

The carrying amount of the other financial assets and financial liabilities approximate the fair value due to their relatively short term maturity.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

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 controlling 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 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.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

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

(d) Risk mitigation (cont'd)

It is, and has been throughout the current and previous financial period, the Fund's policy 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.

(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.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

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

(f) Market risk (cont'd.)

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

Equity price risk sensitivity

Management's best estimate of the effect on the loss for the period 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
15.11.2022		
Changes in equity price	+10	865,960
15.05.2022		
Changes in equity price	+10	863,156

The Management assumed that the movement of FVTPL investments as at 15 November 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.

	15.11.2022	15.05.2022		
	Fair value RM	% of NAV	Fair value RM	% of NAV
Malaysia	8,659,599	85.5	8,631,557	81.0

The details of Fund's concentration of equity price analysed by the Fund's equity instruments by sector is stated in Note 7.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

17. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (Cont'd.)

(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 NAV 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 financial institutions and other Islamic money market instruments which are capable of being converted into cash within 7 days.

	Less than 1 month	Total
	RM	RM
15.11.2022		
Financial assets:		
Financial assets at FVTPL	8,659,599	8,659,599
Islamic deposits with financial institutions	1,477,381	1,477,381
Other assets	35,409	35,409
Total undiscounted financial assets	<u>10,172,389</u>	<u>10,172,389</u>
Financial liabilities:		
Other financial liabilities	26,321	26,321
Total undiscounted financial liabilities	<u>26,321</u>	<u>26,321</u>
NAV attributable to unit holders	<u>10,146,068</u>	<u>10,146,068</u>
Liquidity (gap)/surplus	<u>-</u>	<u>-</u>

MIDF AMANAH ESG MUSTADAMAH FUND

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022**

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

(g) Liquidity risk (cont'd.)

15.05.2022	Less than 1 month	Total
	RM	RM
Financial assets:		
Financial assets at FVTPL	8,631,557	8,631,557
Islamic deposits with financial institutions	2,066,533	2,066,533
Amount due from broker	-	0
Total undiscounted financial assets	10,723,051	10,723,051
 Financial liabilities:		
Other financial liabilities	73,528	73,528
Total undiscounted financial liabilities	73,528	73,528
 NAV attributable to unit holders	10,649,523	10,649,523
 Liquidity (gap)/surplus	-	-

(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 be 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.

(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.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

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

(g) Liquidity risk (cont'd.)

(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.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 15 NOVEMBER 2022

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 period 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 period.

CORPORATE INFORMATION

MANAGER

MIDF Amanah Asset Management Berhad
Registration No: 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)
Tingkat 14, Wisma AmanahRaya, No. 2 Jalan Ampang,
50508 Kuala Lumpur

BOARD OF DIRECTORS

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)

**OVERSIGHT
COMMITTEE MEMBERS**

Hasman Yusri Yusoff - Chairman
Tai Keat Chai
Sheikh Shahruddin Sheikh Salim (appointed effective 1 March 2022)
Ahlan Nasri Mohd Nasir (resigned effective 1 January 2022)

**BOARD AUDIT AND
RISK MANAGEMENT
COMMITTEE MEMBERS**

Tai Keat Chai – Chairman
Hasman Yusri Yusoff
Norziana binti Mohd Inon (appointed effective 15 August 2022)
Hasnah Omar (resigned effective 15 August 2022)

COMPANY SECRETARY

Hadidah Amin (LS 05402)
Lailatul Mardhiyah Said Abdullah [LS0010110]
Nor Azita Sarip (MAICSA 7048861)

AUDITOR

Ernst & Young PLT
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