

MIDF AMANAH ESG MUSTADAMAH FUND

ANNUAL REPORT FOR THE YEAR ENDED 15TH MAY 2023



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 May 2023

Dear Unitholders:

FUND CATEGORY AND TYPE

Fund Category	ESG Shariah-compliant Equity
Fund Type	Growth

ASSET ALLOCATION AS AT 15 MAY 2023

Shariah-Compliant Equities	78.6%
Islamic Money Market Instruments and Others	21.4%

PERFORMANCE OF THE FUND

MIDF Amanah ESG Mustadamah Fund ("MAEMF")	As At 15/05/2023	As At 15/05/2022*	Changes (%)
Net Asset Value ("NAV") (RM)	10,224,151	10,649,523	-3.99
NAV per Unit (RM)	1.0044	1.0465	-4.03
FTSE4Good Index Bursa Malaysia ("F4GBM")	831.63	882.59	-5.77

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

For the financial year ended 15 May 2023, the NAV per unit of MAEMF has decreased by 4.03% as compared to its absolute return target of 6% per annum, translating to an underperformance of 10.03%.

Meanwhile, the Fund has outperformed its reference benchmark F4GBM Index by +1.74% (-4.03% vs -5.77%).

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 maintained its NAV above the initial price of RM1.00 per unit even though did not achieve the return objective due to the challenging market conditions.

EQUITY MARKET REVIEW

For the period under review, equity markets were mainly volatile and challenging primarily driven by macro headwinds, such as tension in Eastern Europe, the Covid-19 lockdown in China, high inflation with aggressive tightening by central banks to tame the immensely high inflationary pressures. As a result, the markets started in a bearish tone since early 2022 and continued until the later part of the year. However, markets rebounded in November 2022 after the release of key economic data, which fuelled hope that United States (“US”) inflation may have already peaked, paving the way for the pace of interest rate hikes to slow. The optimism, however, was short-lived as investors cautiously assessed the potential of a global recession in 2023 on the back of continued inflationary concerns. The market then rebounded in early 2023, backing on China's re-opening theme, which spurred optimism after the China government dropped the zero-Covid policy, coupled with some economic data showing that inflation has eased in several developed countries, which helped propel the markets advance. After a solid start to the year, US equities declined in February 2023 as expectation of easing inflation may still be some way off.

Meanwhile, our local benchmark, the FBM KLCI, declined during the first half of the period under review as investors were spooked by the aggressive tightening of monetary policy worldwide, which might lead to the possibility of a recession. However, there was a sign of relief in our local markets from October 2022 onward, supported by new hopes of domestic political stability and buying interest on small mid cap stocks. In summary, bucking the global positive trend, our local indices started the year of 2023 in a bearish mode with the FBM KLCI ended the first five months of 2023 with a negative return of -7.25%. Meanwhile, the FTSE4Good Bursa Malaysia Shariah, the reference benchmark for this Fund ended the five months period with a negative return of -4.52%.

KEY MARKET RISKS

- Heightened geopolitical risks with a prolonged Ukraine-Russia conflict may continue to derail global recovery and negatively affect investors' sentiment.
- Sudden weakening of Ringgit due to economic uncertainties making our domestic assets unattractive and cause investors to move away as a result of potential forex exposure losses.
- Unprecedented macro headwinds and crises of confidence arising from assets mismanagement such as the recent banking shock in the US.

INVESTMENT OUTLOOK AND STRATEGY

After a decent start to the year, global equity markets turned volatile as the Federal Reserve's rate hike cycle contributed to stresses in the banking system resulting in the closing of three regional banks, a forced takeover of Credit Suisse, government deposit backstops, and a new special lending facility for banks. Turmoil in the U.S. banking system has led to a conundrum for regulators to balance tensions between price and financial stability. In general consensus is expecting rates to stay around 5% - 5.25% through the end of 2023.

On the local market, after a strong recovery in 2022, growth is projected to moderate to about 4.5% in 2023 due to external headwinds whilst inflation remains elevated. Downside risks are mostly externally driven, including an abrupt global slowdown and larger than envisaged monetary policy tightening by major central banks. A gradual fiscal consolidation strategy, as appropriately set out in the 2023 Budget has signified the authorities commitment to fiscal prudent and reforms, including the upcoming tabling of the Fiscal Responsibility Act, the planned subsidy reform, and plans to develop a medium-term revenue strategy.

We remain cautiously optimistic over the medium to long term and believe that any market pullbacks offer windows of opportunities for selective buying. Malaysian equities are expected to be supported by the reopening theme while easing inflation will bode well for fixed income assets. The growth momentum is expected to improve, supported by expansion in global demand (particularly emerging economies) and higher private-sector expenditure in line with the resumption of economic activity. Strategy for portfolio positioning as below:

- Diversified and balanced strategies remain vital, focusing on companies with visible good growth prospects, decent profit margins, strong cash flow and balance sheet as well as high dividend yield and high liquidity.
- Nimble investing with prudent approach, capitalizing on market volatilities to take advantage of the opportunities and rotational interest seen in the market. Proactive portfolio construction by balancing the exposure to Value, Growth and Dividend stocks.
- Long-term strategy to focus on fundamentally sound, quality and dividend-biased stocks remain unchanged. Equity exposure to average around 85% with peaks on market dips.

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	10,179,055	100.00

PORTFOLIO COMPOSITION	As at 15.05.2023 %	As at 15.05.2022 %
Consumer Products & Services	14.3	15.8
Energy	1.4	4.1
Finance	3.4	5.5
Industrial Products & Services	7.2	15.1
Plantation	3.6	6.3
Real Estate Investment Trust	3.2	-
Technology	15.6	9.0
Telecommunications & Media	15.5	11.0
Transportation & Logistics	8.1	4.0
Utilities	6.3	10.2
Cash and other Net Assets	21.4	19.0
	100.00	100.00

PERFORMANCE DATA		As at 15.05.2023	As at 15.05.2022
Net Asset Value	[RM]	10,224,151	10,649,523
Units in Circulation	[Units]	10,179,055	10,176,015
Net Asset Value per Unit	[RM]	1.0044	1.0465
Highest NAV*	[RM]	1.0519	1.0965
Lowest NAV*	[RM]	0.9408	0.9897
Total return:			
- Capital Growth	[%]	-4.03	4.65
- Income Distribution		Nil	Nil
Total Expense Ratio (TER) ¹	[%]	1.67	1.43
Portfolio Turnover Ratio (PTR) ²	[x]	1.25	1.32

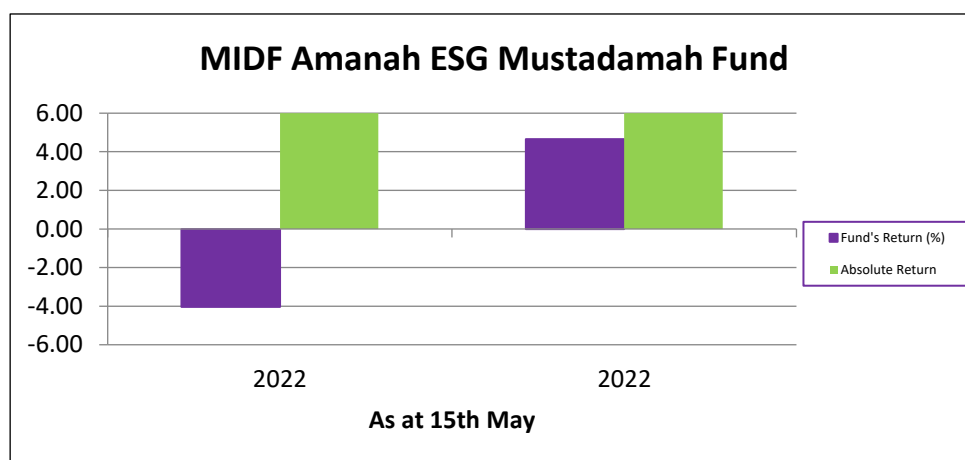
* The highest/lowest selling and buying prices are adjusted prices after taking into account the distribution of income made at the financial year end (“FYE”) (if any).

Notes:

- 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.
1. The TER for the financial year ended 15 May 2023 stood at 1.67% compared to 1.43% in 2022.
 2. The PTR for the financial year ended 15 May 2023 was at 1.25 times compared to 1.32 times in 2022.

ANNUAL TOTAL RETURN

MAEMF		
As At 15 th May	2023	2022
Fund’s Return (%)	-4.03	4.65
Absolute Return Target p.a. (%)	6.00	6.00



AVERAGE TOTAL RETURN

	The Fund	Absolute Return Target
One year	-4.03	6.00
Two year	0.22	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: 5 July 2023

MIDF AMANAH ESG MUSTADAMAH FUND

Manager's Report

The Manager hereby submit its report and the audited financial statements of the MIDF Amanah ESG Mustadamah Fund ("the Fund") for the financial year ended 15 May 2023.

Principal Activities of the Manager

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

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

Investments of the Fund

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

Sector	Aggregate cost as at 16.05.2022 RM	Acquisitions RM	Disposals RM	Aggregate cost as at 15.05.2023 RM
Consumer Products & Services	1,727,430	1,781,811	(2,128,917)	1,380,324
Energy	386,932	843,155	(1,071,724)	158,363
Finance	572,489	-	(199,312)	373,177
Health Care	-	63,630	(63,630)	-
Industrial Products & Services	1,736,485	2,343,292	(3,327,091)	752,686
Islamic Real Estate Investment Trusts ("REITs")	-	338,994	-	338,994
Plantation	593,650	1,194,286	(1,418,007)	369,929
Technology	1,235,219	2,734,234	(2,442,217)	1,527,236
Telecommunications & Media	1,343,330	2,268,253	(2,103,463)	1,508,120
Transportation & Logistics	379,739	1,087,706	(685,531)	781,914
Utilities	1,084,637	168,600	(623,925)	629,312
	<u>9,059,911</u>	<u>12,823,961</u>	<u>(14,063,817)</u>	<u>7,820,055</u>

Results

	RM
Net loss after tax	<u>428,343</u>

In the opinion of the Manager, the results 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.

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 year, the Manager is entitled to a management fee of RM153,633 (22 July 2021 (commencement date) to 15 May 2022: RM76,791). The Manager's fee is computed on a daily basis at 1.50% (22 July 2021 (commencement date) to 15 May 2022: 1.50%) per annum of the Net Asset Value ("NAV") of the Fund before deducting the Manager's and Trustee's fees for that particular day.

Distribution

Unit holders have the option of requesting that income due to them on any income distribution be reinvested in the Fund, if any. 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. The Manager reserves the right to reinvest income distributed in respect of a Fund, which is less than RM250.00, in additional units of the Fund at the NAV per unit of the Fund at the close of the date the income distribution is declared.

Distribution cheques issued to unit holders will become void after 6 months from the distribution payment date. Upon the expiry of the cheque, if it has not been presented for payment, it would be reinvested automatically into units of the respective Fund at NAV per unit valued on the date of the expiry of the cheque.

The Manager did not propose any distribution for the financial year ended 15 May 2023 (22 July 2021 (commencement date) to 15 May 2022: Nil)

Unit Split

No unit split was made during the financial year ended 15 May 2023 (22 July 2021 (commencement date) to 15 May 2022: RM 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

The Manager or any delegate thereof will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investment of the Fund.

MIDF AMANAH ESG MUSTADAMAH FUND

Policy on Stockbroking Rebates and Soft Commission (Cont'd.)

However, soft commissions may be retained by the Manager and its delegate 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 year to the date of this report are:

Hasnah Omar

Datuk Joseph Dominic Silva

Tai Keat Chai

Hasman Yusri Yusoff

Norziana Mohd Inon (Appointed on 27 May 2022)

Shan Kamahl Mohammad (Appointed on 10 October 2022)

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

Mohamed Sany Mohamed Zainudin (Resigned on 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 July 2023

MIDF AMANAH ESG MUSTADAMAH FUND

**TRUSTEE'S REPORT
FOR THE FINANCIAL YEAR ENDED 15 MAY 2023**

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

We have acted as Trustee of the Fund for the financial year ended 15 May 2023 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 the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation of units are carried out in accordance with the deed and any regulatory requirement.

For **AMANAHRAYA TRUSTEES BERHAD**

ZAINUDIN BIN SUHAIMI
Chief Executive Officer

Kuala Lumpur, Malaysia
Date: 7 June 2023

**SHARIAH ADVISER'S REPORT
FOR THE FINANCIAL YEAR ENDED 15 MAY 2023**

**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 assets of the Fund comprise 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. MUHAMMAD NAJIB ABDULLAH

ASSOC. PROF. DR. SITI SALWANI RAZALI

ENCIK AHMAD LUTFI ABDULL MUTALIP @ TALIB

Signed on behalf of the members,

DR. MUHAMMAD NAJIB ABDULLAH

Chairman, Shariah Committee
MIDF Amanah Investment Bank Berhad

Date: 6 June 2023

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 financial statements set out on pages 11 to 39 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 May 2023 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 July 2023

**Independent auditors' report to the unit holders of
MIDF Amanah ESG Mustadamah Fund**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MIDF Amanah ESG Mustadamah Fund (the "Fund"), which comprise the statement of financial position as at 15 May 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 39.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 15 May 2023, and of its financial performance and cash flows for 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.

**Independent auditors' report to the unit holders of
MIDF Amanah ESG Mustadamah Fund (Cont'd.)**

Information other than the financial statements and auditors' report thereon (cont'd.)

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.

**Independent auditors' report to the unit holders of
MIDF Amanah ESG Mustadamah Fund (Cont'd.)**

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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.
- 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

**Independent auditors' report to the unit holders of
MIDF Amanah ESG Mustadamah Fund (Cont'd.)**

Other matters

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

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

Yap Kah Foo
No. 03574/05/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 5 July 2023

MIDF AMANAH ESG MUSTADAMAH FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 15 MAY 2023**

		16.05.2022	22.07.2021
		to	to
		15.05.2023	15.05.2022
	Note	RM	RM
INVESTMENT INCOME			
Dividend income		358,621	157,317
Profit income from Islamic deposits with financial institutions		43,295	18,894
Net loss from financial assets at fair value through profit or loss ("FVTPL")	7	<u>(549,984)</u>	<u>(242,717)</u>
		<u>(148,068)</u>	<u>(66,506)</u>
EXPENSES			
Manager's fee	3	(153,633)	(76,791)
Trustee's fee	4	(5,121)	(2,560)
Auditors' remuneration		(7,000)	(7,000)
Brokerage fee		(63,145)	(42,066)
Tax agent's fee		(2,800)	(2,200)
Administrative expenses		<u>(48,576)</u>	<u>(23,399)</u>
		<u>(280,275)</u>	<u>(154,016)</u>
Net loss before tax		(428,343)	(220,522)
Income tax expense	5	-	-
Net loss after tax, representing total comprehensive loss for the financial year/period		<u>(428,343)</u>	<u>(220,522)</u>
Net loss after tax is made up of the following:			
Net realised (loss)/gain		(1,071,569)	207,832
Net unrealised gain/(loss)		<u>643,226</u>	<u>(428,354)</u>
		<u>(428,343)</u>	<u>(220,522)</u>

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

MIDF AMANAH ESG MUSTADAMAH FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 15 MAY 2023**

	Note	2023 RM	2022 RM
ASSETS			
Financial assets at FVTPL	7	8,034,927	8,631,557
Islamic deposits with financial institutions	8	2,167,230	2,066,533
Other receivables		39,726	14,132
Cash at bank		13,026	10,829
TOTAL ASSETS		<u>10,254,909</u>	<u>10,723,051</u>
LIABILITIES			
Other payables		11,050	9,200
Amount due to brokers		-	43,539
Due to Manager		19,072	20,118
Due to Trustee		636	671
TOTAL LIABILITIES		<u>30,758</u>	<u>73,528</u>
EQUITY			
Unit holders' capital	10(a)	10,873,016	10,870,045
Accumulated loss	10(b), 10(c)	<u>(648,865)</u>	<u>(220,522)</u>
TOTAL EQUITY, REPRESENTING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS		<u>10,224,151</u>	<u>10,649,523</u>
TOTAL EQUITY AND LIABILITIES		<u>10,254,909</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>1.0044</u>	<u>1.0465</u>

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

MIDF AMANAH ESG MUSTADAMAH FUND

**STATEMENT OF CHANGES IN EQUITY
AS AT 15 MAY 2023**

	Unit holders' capital Note 10(a) RM	Accumulated loss Note 10(b) and (c) RM	Total equity RM
As 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)
As at 15 May 2022	<u>10,870,045</u>	<u>(220,522)</u>	<u>10,649,523</u>
As at 16 May 2022	10,870,045	(220,522)	10,649,523
Total comprehensive loss for the financial year	-	(428,343)	(428,343)
Creation of units	2,971	-	2,971
As at 15 May 2023	<u>10,873,016</u>	<u>(648,865)</u>	<u>10,224,151</u>

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

MIDF AMANAH ESG MUSTADAMAH FUND

STATEMENT OF CASH FLOWS

AS AT 15 MAY 2023

	16.05.2022	22.07.2021
	to	to
	15.05.2023	15.05.2022
Note	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	12,815,760	3,790,143
Purchase of investments	(12,921,808)	(12,685,440)
Dividends received	333,109	143,550
Profit income received	43,213	18,529
Manager's fee paid	(154,679)	(56,673)
Trustee's fee paid	(5,156)	(1,889)
Audit fee paid	(7,000)	-
Payment for other fees and expenses	(3,516)	(903)
Net cash generated from/(used in) operating and investing activities	<u>99,923</u>	<u>(8,792,683)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	2,971	10,871,703
Cash payment for units cancelled	-	(1,658)
Net cash generated from financing activities	<u>2,971</u>	<u>10,870,045</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	102,894	2,077,362
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD	<u>2,077,362</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD	<u>2,180,256</u>	<u>2,077,362</u>
Cash and cash equivalents comprise:		
Cash at bank	13,026	10,829
Islamic deposits with financial institutions	8 <u>2,167,230</u>	<u>2,066,533</u>
	<u>2,180,256</u>	<u>2,077,362</u>

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

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 15 MAY 2023

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, Islamic investment advisory services and management of unit trust funds.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 5 July 2023.

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.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 15 MAY 2023

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

(b) Changes in accounting policies

The Fund has adopted the following Standards, Amendments to Standards and Interpretations issued by the Malaysian Accounting Standards Board ("MASB") which have become effective during the financial year.

Amendments to MFRS 3: *Reference to the Conceptual Framework*
Amendments to MFRS 116: *Proceeds before Intended Use*
Amendments to MFRS 137: *Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to MFRS Standards 2018-2020 Cycle

The adoption of the new pronouncements did not result in any material impact to the financial statements.

(c) MFRSs and Amendments to MFRSs issued but not yet effective

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
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>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 101: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 16: <i>Leases – Lease liability in a Sale and Leaseback</i>	1 January 2024
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 periods. These pronouncements are expected to have no significant impact to the financial statements of the Fund upon their initial application.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 15 MAY 2023

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

(d) 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.

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

(ii) Financial assets at amortised cost

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

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 15 MAY 2023

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

(d) Financial assets (cont'd.)

(ii) Financial assets at amortised cost (cont'd.)

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 financing and receivables are derecognised or impaired, and through the amortisation process.

(e) 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.

(f) Classification of realised and unrealised gains and losses

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

(g) 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.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 15 MAY 2023

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

(g) Financial liabilities (cont'd.)

The Fund's financial liabilities which include other payables and sundry creditors 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.

(h) 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.

(i) 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.

(j) Cash and cash equivalents

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

(k) Income

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

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

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

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 15 MAY 2023

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

(l) 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.

(m) 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 Oversight 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.

(n) 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 year.

3. MANAGER'S FEE

The Manager's fee is computed on a daily basis at 1.50% per annum (22 July 2021 (commencement date) to 15 May 2022: 1.50%) of the NAV of the Fund, before deducting the Manager's and Trustee's fees for that particular day.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 15 MAY 2023

4. TRUSTEE'S FEE

The Trustee's fee is computed on a daily basis at 0.05% per annum (22 July 2021 (commencement date) to 15 May 2022: 0.05%) 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	22.07.2021
	to	to
	15.05.2023	15.05.2022
	RM	RM
Charge for the financial year/period	-	-

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

The tax charge for the financial year/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	22.07.2021
	to	to
	15.05.2023	15.05.2022
	RM	RM
Net loss before tax	(428,343)	(220,522)
Tax at Malaysian statutory tax rate of 24%	(102,802)	(52,925)
Effect of income not subject to tax	(96,460)	(42,291)
Expenses not deductible for tax purposes	199,262	95,216
Tax expense for the financial year/period	-	-

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.

MIDF AMANAH ESG MUSTADAMAH FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 15 MAY 2023**

7. FINANCIAL ASSETS AT FVTPL

	2023	2022
	RM	RM
Financial assets at FVTPL:		
Quoted Shariah-compliant securities	<u>8,034,927</u>	<u>8,631,557</u>
Net loss on financial assets at FVTPL comprised:		
Realised (loss)/gain on disposals	(1,193,210)	185,637
Unrealised gain/(loss) in fair value	<u>643,226</u>	<u>(428,354)</u>
	<u>(549,984)</u>	<u>(242,717)</u>

Financial assets at FVTPL as at 15 May 2023 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	305,100	630,842	683,424	6.7
Fraser & Neave Holdings Berhad	15,700	380,867	423,900	4.1
PPB Group Berhad	21,600	368,615	354,240	3.5
	<u>342,400</u>	<u>1,380,324</u>	<u>1,461,564</u>	<u>14.3</u>
Energy				
Hibiscus Petroleum Berhad	<u>150,000</u>	<u>158,363</u>	<u>141,000</u>	<u>1.4</u>
Finance				
Bursa Malaysia Berhad	<u>56,500</u>	<u>373,177</u>	<u>351,430</u>	<u>3.4</u>

MIDF AMANAH ESG MUSTADAMAH FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 15 MAY 2023**

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

Financial assets at FVTPL as at 15 May 2023 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.)				
Industrial Products & Services				
Press Metal Aluminum Holdings Berhad	31,600	160,161	151,364	1.5
UCHI Technologies Berhad	177,200	592,525	581,216	5.7
	<u>208,800</u>	<u>752,686</u>	<u>732,580</u>	<u>7.2</u>
Islamic Real Estate Investment Trusts				
Axis Real Estate Investment Trust	<u>180,000</u>	<u>338,994</u>	<u>331,200</u>	<u>3.2</u>
Plantation				
Sime Darby Plantation Berhad	<u>85,000</u>	<u>369,929</u>	<u>372,300</u>	<u>3.6</u>
Technology				
Frontken Corporation Berhad	155,000	484,109	438,650	4.3
MY E.G.Services Berhad	550,000	405,656	434,500	4.2
Pentamaster Corporation Berhad	88,000	322,399	417,120	4.1
Unisem (M) Berhad	110,000	315,072	306,900	3.0
	<u>903,000</u>	<u>1,527,236</u>	<u>1,597,170</u>	<u>15.6</u>

MIDF AMANAH ESG MUSTADAMAH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 15 MAY 2023****7. FINANCIAL ASSETS AT FVTPL (CONT'D.)**

Financial assets at FVTPL as at 15 May 2023 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	129,700	393,395	394,288	3.9
Celcom Digi Berhad	213,000	868,946	941,460	9.2
Telekom Malaysia Berhad	50,000	245,779	251,000	2.4
	<u>392,700</u>	<u>1,508,120</u>	<u>1,586,748</u>	<u>15.5</u>
Transportation & Logistics				
Malaysia Airport Holdings Berhad	45,000	302,181	325,350	3.2
MISC Berhad	68,500	479,733	496,625	4.9
	<u>113,500</u>	<u>781,914</u>	<u>821,975</u>	<u>8.1</u>
Utilities				
Petronas Gas Berhad	18,200	304,036	305,760	3.0
Tenaga Nasional Berhad	35,000	325,276	333,200	3.3
	<u>53,200</u>	<u>629,312</u>	<u>638,960</u>	<u>6.3</u>
TOTAL FINANCIAL ASSETS AT FVTPL	<u>2,485,100</u>	<u>7,820,055</u>	<u>8,034,927</u>	<u>78.6</u>
ACCUMULATED UNREALISED GAIN			<u>214,872</u>	

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 15 MAY 2023

8. ISLAMIC DEPOSITS WITH FINANCIAL INSTITUTIONS

	2023 RM	2022 RM
Islamic deposits with licensed banks	<u>2,167,230</u>	<u>2,066,533</u>

The effective average profit rate for short-term Islamic placements as at 15 May 2023 is 2.84% (22 July 2021 (commencement date) to 15 May 2022: 1.82%) per annum. The average maturity of the deposits as at 15 May 2023 is 3 days (22 July 2021 (commencement date) to 15 May 2022: 4 days) .

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	2023 RM	2022 RM
Unit holders' capital	(a)	10,873,016	10,870,045
Accumulated loss			
- Realised and distributable	(b)	(863,737)	207,832
- Unrealised and non-distributable	(c)	<u>214,872</u>	<u>(428,354)</u>
Total equity		<u>10,224,151</u>	<u>10,649,523</u>

MIDF AMANAH ESG MUSTADAMAH FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 15 MAY 2023**

10. TOTAL EQUITY (CONT'D.)

(a) Unit holders' capital

	2023		2022	
	Units	RM	Units	RM
As at the beginning of the financial year/period	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 financial year/period	<u>10,179,055</u>	<u>10,873,016</u>	<u>10,176,015</u>	<u>10,870,045</u>

(b) Realised and distributable

	2023	2022
	RM	RM
As at the beginning of the financial year/period	207,832	-
Net realised (loss)/gain	<u>(1,071,569)</u>	<u>207,832</u>
As at the end of the financial year/period	<u>(863,737)</u>	<u>207,832</u>

(c) Unrealised and non-distributable

	2023	2022
	RM	RM
As at the beginning of the year/period	(428,354)	-
Net unrealised income/(loss) attributable to investments	<u>643,226</u>	<u>(428,354)</u>
As at the end of the financial year/period	<u>214,872</u>	<u>(428,354)</u>

11. UNITS HELD BY MANAGER

For the financial year/period ended 15 May 2023 and 22 July 2021 (commencement date) to 15 May 2022, no units were held by the Manager.

MIDF AMANAH ESG MUSTADAMAH FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 15 MAY 2023**

12. TRANSACTIONS WITH RELATED PARTIES AND OTHER INVESTMENT BANKS

	Value of trade RM	% of total trade %	Brokerage fees RM	% of total brokerage fees
2023				
CIMB Securities Berhad	5,772,690	22.5	14,483	22.9
Affin Hwang Investment Bank Berhad	5,257,649	20.5	13,144	20.8
MIDF Amanah Investment Bank Berhad *	5,073,277	19.7	12,683	20.1
Maybank Investment Bank Berhad **	4,207,488	16.4	10,541	16.7
Public Investment Bank Berhad	3,355,813	13.0	8,495	13.5
Kenanga Investment Bank Berhad	1,748,492	6.8	3,497	5.5
TA Securities Holdings Berhad	279,160	1.1	302	0.5
TOTAL	25,694,569	100.0	63,145	100.0
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.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 15 MAY 2023

13. 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 May 2023, the TER of the Fund stood at 1.67% (22 July 2021 (commencement date) to 15 May 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 financial year to the average NAV of the Fund. For the financial year ended 15 May 2023, the PTR of the Fund stood at 1.25 times (22 July 2021 (commencement date) to 15 May 2022: 1.32 times).

15. SEGMENT INFORMATION

The Manager of the Fund is responsible for allocating resources available to the Fund in accordance with the overall 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 investments of each segment while safeguarding capital by investing in diversified portfolios. There have been no changes in reportable segments in the current financial year. The segment information provided is presented to the Manager and Oversight Committee of the Fund.

MIDF AMANAH ESG MUSTADAMAH FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 15 MAY 2023**

15. SEGMENT INFORMATION (CONT'D.)

	16.05.2022 to 15.05.2023			22.07.2021 to 15.05.2022		
	Quoted Shariah- compliant securities RM	Islamic deposits with financial institutions RM	Total RM	Quoted Shariah- compliant securities RM	Islamic deposits with financial institutions RM	Total RM
Dividend income	358,621	-	358,621	157,317	-	157,317
Profit income from Islamic deposits with financial institutions	-	43,295	43,295	-	18,894	18,894
Net loss from investments: - financial assets at FVTPL	(549,984)	-	(549,984)	(242,717)	-	(242,717)
Total segment operating (loss)/income for the financial year/period	(191,363)	43,295	(148,068)	(85,400)	18,894	(66,506)
	2023			2022		
	Quoted Shariah- compliant securities RM	Islamic deposits with financial institutions RM	Total RM	Quoted Shariah- compliant securities RM	Islamic deposits with financial institutions RM	Total RM
Financial assets at FVTPL	8,034,927	-	8,034,927	8,631,557	-	8,631,557
Islamic deposits with financial institutions	-	2,167,230	2,167,230	-	2,066,533	2,066,533
Profit receivables	-	447	447	-	365	365
Dividend receivables	39,279	-	39,279	13,767	-	13,767
Total segment assets	8,074,206	2,167,677	10,241,883	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 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 15 MAY 2023

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	22.07.2021
	to	to
	15.05.2023	15.05.2022
	RM	RM
Net reportable segment operating loss	(148,068)	(66,506)
Expenses	<u>(280,275)</u>	<u>(154,016)</u>
Net loss before tax	(428,343)	(220,522)
Income tax expense	<u>-</u>	<u>-</u>
Net loss after tax	<u>(428,343)</u>	<u>(220,522)</u>

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

	2023	2022
	RM	RM
Total segment assets	10,241,883	10,712,222
Cash at bank	<u>13,026</u>	<u>10,829</u>
Total assets of the Fund	<u>10,254,909</u>	<u>10,723,051</u>
Total segment liabilities	-	43,539
Other payables	11,050	9,200
Due to Manager	19,072	20,118
Due to Trustee	<u>636</u>	<u>671</u>
Total liabilities of the Fund	<u>30,758</u>	<u>73,528</u>

16. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The following table analyses the financial assets and liabilities of the Fund in the statement of financial position as at 15 May 2023 by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

MIDF AMANAH ESG MUSTADAMAH FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 15 MAY 2023**

16. FINANCIAL INSTRUMENTS (CONT'D.)

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

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2023				
Assets				
Financial assets at FVTPL	8,034,927	-	-	8,034,927
Islamic deposits with financial institutions	-	2,167,230	-	2,167,230
Other receivables	-	39,726	-	39,726
Cash at bank	-	13,026	-	13,026
Total financial assets	<u>8,034,927</u>	<u>2,219,982</u>	<u>-</u>	<u>10,254,909</u>
Liabilities				
Other payables	-	-	11,050	11,050
Due to Manager	-	-	19,072	19,072
Due to Trustee	-	-	636	636
Total financial liabilities	<u>-</u>	<u>-</u>	<u>30,758</u>	<u>30,758</u>
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	<u>8,631,557</u>	<u>2,091,494</u>	<u>-</u>	<u>10,723,051</u>
Liabilities				
Other payables	-	-	9,200	9,200
Amount due to brokers	-	-	43,539	43,539
Due to Manager	-	-	20,118	20,118
Due to Trustee	-	-	671	671
Total financial liabilities	<u>-</u>	<u>-</u>	<u>73,528</u>	<u>73,528</u>

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 15 MAY 2023

16. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments that are carried at fair value

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

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Quoted Shariah-compliant securities	8,034,927	-	-	8,034,927
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 theoretical closing market price as published by Bloomberg.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 15 MAY 2023

16. FINANCIAL INSTRUMENTS (CONT'D.)

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

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

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund maintains Islamic investment portfolios in a variety of listed and unlisted Shariah-compliant 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 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 are primarily set up to be performed based on limits established by the Manager (and Investment Manager, if applicable) and Trustee. These limits reflect the 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 types and activities.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 15 MAY 2023

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

(d) Risk mitigation

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

It is, and has been throughout the current and previous financial year/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 risk indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry. 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 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.

MIDF AMANAH ESG MUSTADAMAH FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 15 MAY 2023**

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

(f) Market risk (cont'd.)

(ii) Equity price risk

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

Equity price risk sensitivity

Management's best estimate of the effect on the profit for the financial year/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:

	%	Effect on NAV Increase RM
Market index		
2023		
Changes in equity price	+5	401,746
2022		
Changes in equity price	+5	431,578

The Management assumed that the movement of FVTPL investments as at 15 May 2023 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 above and the difference could be material.

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 15 MAY 2023

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

(f) Market risk (cont'd.)

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

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.

	2023		2022	
	Fair value RM	As % of NAV	Fair value RM	As % of NAV
Malaysia	<u>8,034,927</u>	<u>78.6</u>	<u>8,631,557</u>	<u>81.0</u>

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

(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 financial institutions and other Shariah-compliant instruments which are capable of being converted into cash within 7 days.

MIDF AMANAH ESG MUSTADAMAH FUND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 15 MAY 2023****17. FINANCIAL RISK 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
2023		
Financial assets:		
Financial assets at FVTPL	8,034,927	8,034,927
Islamic deposits with financial institutions	2,167,230	2,167,230
Other financial assets	52,752	52,752
Total undiscounted financial assets	<u>10,254,909</u>	<u>10,254,909</u>
Financial liabilities:		
Other financial liabilities	<u>30,758</u>	<u>30,758</u>
Total undiscounted financial liabilities	<u>30,758</u>	<u>30,758</u>
NAV attributable to unit holders	<u>10,224,151</u>	<u>10,224,151</u>
Liquidity gap	<u>-</u>	<u>-</u>
2022		
Financial assets:		
Financial assets at FVTPL	8,631,557	8,631,557
Islamic deposits with financial institutions	2,066,533	2,066,533
Other financial assets	24,961	24,961
Total undiscounted financial assets	<u>10,723,051</u>	<u>10,723,051</u>
Financial liabilities:		
Other financial liabilities	<u>73,528</u>	<u>73,528</u>
Total undiscounted financial liabilities	<u>73,528</u>	<u>73,528</u>
NAV attributable to unit holders	<u>10,649,523</u>	<u>10,649,523</u>
Liquidity gap	<u>-</u>	<u>-</u>

MIDF AMANAH ESG MUSTADAMAH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 15 MAY 2023

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

(g) Liquidity risk (cont'd.)

(i) Financial assets

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

(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 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 15 MAY 2023

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

(i) Reclassification of Shariah status risk

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

18. CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund's approved fund size and units in issue at the end of the financial year/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 year.

19. COMPARATIVES

The comparative figures for the statement of comprehensive income, statement of changes in equity and statement of cash flows, and related notes to the financial statements, have been prepared for a period of less than a year, i.e. from 22 July 2021 (commencement date) to 15 May 2022, and are hence, not comparable.

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) 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 Shahrudin Sheikh Salim
BOARD AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS	Tai Keat Chai – Chairman Hasman Yusri Yusoff Norziana Mohd Inon (appointed effective 15 August 2022) Hasnah Omar (resigned effective 15 August 2022)
COMPANY SECRETARY	Hadidah Amin (LS 05402) 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