

MIDF AMANAH ISLAMIC FUND



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AMANAH

ANNUAL REPORT

For The Year Ended
15th June 2023

MIDF Amanah Asset Management Berhad

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

15th June 2023

Dear Unit Holders:

FUND CATEGORY AND TYPE

Fund Category	Shariah-compliant Equity
Fund Type	Growth (Islamic)

ASSET ALLOCATION AS AT 15 JUNE 2023

Shariah-compliant Equities	74.7%
Islamic Money Market Instruments and Others	25.3%

PERFORMANCE OF THE FUND

MIDF Amanah Islamic Fund ("MAIF")	15/06/2023	15/06/2022	%
Net Asset Value ("NAV") (RM)	4,667,842	4,476,503	4.27
NAV per Unit (RM)	0.3181	0.2938	8.27
FBM Emas Shariah Index ("FBMS")	10,564.53	10,617.18	-0.50

For the Financial Year ended 15 June 2023, the NAV per unit of MAIF increased by 8.27%, outperforming the FBMS by 8.77% as the latter registered a negative return of -0.5%.

The key objective of MAIF is to achieve long-term capital growth through investments which conform to the principles of Shariah. During the period under review, the Fund achieved its objective in terms of capital growth whilst outperforming its benchmark by +8.77% despite the challenging market environment.

The stronger performance was attributed to the higher weightage and tactical allocation of Healthcare, Consumer, Energy, and Technology stocks which have fared well during the fund's financial year.

The FBMS has been identified as the benchmark for MAIF as it is the closest comparable index.

EQUITY MARKET REVIEW

For the period under review, market sentiment was generally bearish, driven mainly by macro headwinds, such as the Covid-19 lockdown in China and aggressive tightening by central banks to tame the increased inflationary pressures. Despite the inherent risks to the growth outlook, central banks' commitment to bringing inflation under control shook equity markets. Overall, the uncertainty about the global economic outlook remained elevated, reflected by the poor performance of stock markets globally that were mainly in the red. Towards the end of 2022, there were some respites seen in the markets, driven by a positive earnings season, despite the elevated inflationary pressures.

During the first half of the period under review, our FBM KLCI Index and FBM Emas Shariah Index were in-line with other major markets in the world. This was albeit at a divergent pattern since the start of 2023. While there were notable gains across global equities, spurred by the optimism on China's re-opening theme, coupled with some favourable economic data, our local indices started the year in a bearish tone with FBM KLCI declining by 0.7%.

The divergent continued until the end of the Fund's financial year (15th June 2023), where most local indices were in the red, with FBM KLCI registering the biggest loss of -7.61%, followed by FBM 100 and FBM Hijrah Shariah with negative returns of -4.93% and -4.84%, respectively. Only FBM Mid 70 and FBM Small Cap were in the green since the start of 2023, with returns of +4.34% and +1.34%, respectively. This, bucked the major equity markets with Nasdaq leading the charge, posting a return of 31.69%. Meanwhile, Nikkei 225 was not far behind with a return of 27.41%, followed by Taiwan TAIEX Index with a return of 22.62% as the Artificial Intelligent (AI's) frenzy dominated the market.

KEY MARKET RISKS

- Heightened geopolitical risks such as the long-drawn Ukraine-Russia conflict may derail global recovery and negatively affect investors' sentiment.
- Deteriorating relationship between the US and China over Taiwan and Tech War.
- Prolonged interest rate tightening by the US Fed and other central banks worldwide.
- Continued weakening of Ringgit due to economic uncertainties will further aggravate capital outflows.
- Unprecedented macro headwinds and crises of confidence arising from assets mismanagement such as the banking turmoil in the US and Europe.
- Uncertainties over the domestic political scene as the state elections draws near.

INVESTMENT OUTLOOK AND STRATEGY

The world economy is still recovering from the unprecedented upheavals of the last three years, and macro headwinds have increased uncertainties while worries about stubbornly high inflation persist. Side effects from the prolonged monetary tightening are becoming apparent as banking sector vulnerabilities came into focus during the first quarter of the year. The resulting contagion that rose across the broader financial sector, including nonbank financial institutions had raised concerns. Risks to the outlook are heavily skewed to the downside, with the chances of a recession among developed economies lingering.

Malaysia's GDP growth is expected to moderate in 2023 due to slower external demand arising from weakening global trade. Malaysia's economic growth is expected to be slower at 4.2%, moderating from +8.7% last year on the back of higher inflation and slower global growth. Downside risks are mostly externally driven, including geopolitical tensions, elevated price pressures and tighter financial conditions.

Meanwhile, the extreme climate occurrences, such as the current heat wave phenomena and the expected El Nino season during the latter part of 2023, are expected to weigh on economic activities to a certain extent, especially in the agriculture and construction sectors.

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.

Given the softer and uncertain global economic outlook, it is vital to have a defensive and prudent approach to navigating the uncertainties. Strategy moving forward will be anchored on portfolio rebalancing to position the portfolio:-

- Diversified and balanced strategies remain vital, focusing on companies with visible good growth prospects.
- Nimble investing with a prudent approach, capitalizing on market volatilities to take advantage of the opportunities and rotational interest seen in the market.
- Flexible deployment of investments and careful stock selection is imperative to protect portfolio performance and preservation of capital.
- Deployment of an active asset allocation strategy with equity exposure to average around 85% with peaks on market dips is necessary to manage the portfolio's downside risk.
- Continue to remain committed to 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 Unit Holders	No. of Units Held	% of Unit Holders
5,000 and below	1,099	1,295,879	73.51
5,001 to 10,000	104	726,753	6.96
10,001 to 50,000	221	5,003,126	14.78
50,001 to 500,000	70	6,987,221	4.68
500,001 and above	1	662,589	0.07
	1,495	14,675,568	100.00

PORTFOLIO COMPOSITION

	As at 15.06.2023 %	As at 15.06.2022 %	As at 15.06.2021 %
Consumer Products & Services	11.00	14.20	1.40
Construction	-	1.10	5.10
Energy	8.20	1.30	11.00
Finance	-	-	-
Healthcare	7.90	-	-
Industrial Products & Services	10.30	19.20	13.10
Property	-	-	-
Plantation	-	6.80	4.90
Technology	9.20	26.10	24.20
Telecommunication & Media	17.60	7.60	4.80
Transportation & Logistics	-	-	1.80
Utilities	10.50	4.70	9.30
Islamic REITs	-	4.10	5.20
Warrants	-	0.20	-
Cash and other Net Assets	25.30	14.70	19.20
	100.00	100.00	100.00

PERFORMANCE DATA

		As at 15.06.2023	As at 15.06.2022	As at 15.06.2021
Net Asset Value	[RM]	4,667,842	4,476,503	5,278,887
Units in Circulation	[Units]	14,675,568	15,237,586	16,747,548
Net Asset Value per Unit	[RM]	0.3181	0.2938	0.3152
Highest NAV*	[RM]	0.3389	0.3406	0.3290
Lowest NAV*	[RM]	0.2815	0.2818	0.2868
Total Return: - Capital Growth - Income Distribution	[%]	8.27 Nil	-6.79 Nil	3.89 Nil
Total Expense Ratio (TER) ¹	[%]	2.08	2.15	2.18
Portfolio Turnover Ratio (PTR) ²	[x]	1.45	1.19	2.71

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 NAV are adjusted NAV after taking into account the distribution of income made at the financial year end.*

¹ *The TER for 2023 decreased marginally to 2.08% from 2.15% in 2022.*

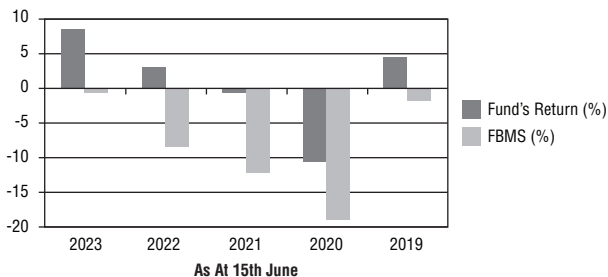
² *The PTR for 2023 was at 1.45 times as compared to 1.19 times in 2022, due to higher trading activities in 2023.*

ANNUAL TOTAL RETURN

MIDF Amanah Islamic Fund					
As at 15th June	2023	2022	2021	2020	2019
Fund's Return (%)	8.27	-6.79	3.89	-15.06	-2.30
*FBMS (%)	-0.50	-16.48	6.85	0.92	-5.50

* *Source: Bloomberg*

MIDF AMANAH ISLAMIC FUND



AVERAGE TOTAL RETURN

As at 15th June	The Fund	FBM Shariah
One Year	8.27	-0.50
Three Years	1.62	-3.73
Five Years	-2.60	-3.06

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: 26 July 2023

MANAGER'S REPORT

The Manager has pleasure in submitting its report and the audited financial statements of the MIDF Amanah Islamic Fund ("the Fund") for the financial year ended 15 June 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	Acquisitions	Disposals	Aggregate cost as at
	16.06.2022			15.06.2023
	RM	RM	RM	RM
Construction	43,705	95,645	(139,350)	-
Consumer Products & Services	574,971	935,441	(989,550)	520,862
Energy	41,061	986,353	(632,560)	394,854
Health Care	-	622,533	(268,705)	353,828
Industrial Products & Services	963,735	1,019,725	(1,471,110)	512,350
Islamic Real Estate Investment Trust ("REITs")	190,095	-	(190,095)	-
Plantation	326,948	129,436	(456,384)	-
Technology	1,558,348	1,321,675	(2,463,017)	417,006
Telecom- munications & Media	394,431	731,719	(253,651)	872,499
Transportation & Logistics	-	101,592	(101,592)	-
Utilities	269,381	502,788	(232,968)	539,201
	<u>4,362,675</u>	<u>6,446,907</u>	<u>(7,198,982)</u>	<u>3,610,600</u>

Results

Net income after tax	<u>RM 372,802</u>
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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.

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve long-term capital growth through investments which conform with the principles of the Shariah.

MANAGEMENT FEES

During the financial year, the Manager is entitled to a management fee of RM70,369 (2022: RM74,263). The Manager's fee is computed on a daily basis at 1.50% (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 June 2023 (2022: Nil).

UNIT SPLIT

No unit split was made during the financial year ended 15 June 2023 (2022: 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.

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 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
Shan Kamahl Mohammad
(Appointed on 10 October 2022)
Norziana Mohd Inon
(Resigned on 5 July 2023)

For and on behalf of the Manager
MIDF Amanah Asset Management Berhad

HASNAH OMAR
Director

SHAN KAMAHL MOHAMMAD
Director

Kuala Lumpur, Malaysia
Date: 26 July 2023

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

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

We have acted as Trustee of the Fund for the financial year ended 15 June 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 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

Kuala Lumpur, Malaysia
Date: 10 July 2023

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

**To the unit holders of
MIDF AMANAH ISLAMIC 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 Islamic 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: 26 July 2023

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 17 to 48 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 Islamic Fund as at 15 June 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: 26 July 2023

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MIDF Amanah Islamic Fund (the "Fund"), which comprise the statement of financial position as at 15 June 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 17 to 48.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 15 June 2023, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF MIDF AMANAH ISLAMIC 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 ISLAMIC 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 identify during our audit.

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
MIDF AMANAH ISLAMIC 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: 26 July 2023

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

	Note	2023 RM	2022 RM
INVESTMENT INCOME			
Dividend income		134,689	142,861
Profit income from Islamic deposits with financial institutions		26,950	11,902
Net gain/(loss) from financial assets at fair value through profit or loss ("FVTPL")	7	366,470	(322,614)
		<u>528,109</u>	<u>(167,851)</u>
EXPENSES			
Manager's fee	3	(70,369)	(74,263)
Trustee's fee	4	(3,753)	(3,936)
Auditors' remuneration		(7,000)	(7,000)
Brokerage fee		(33,087)	(29,572)
Tax agent's fee		(3,560)	(3,710)
Administrative expenses		(37,538)	(34,575)
		<u>(155,307)</u>	<u>(153,056)</u>
Net income/(loss) before tax		372,802	(320,907)
Income tax expense	5	-	-
Net income/(loss) after tax representing total comprehensive income/(loss) for the financial year		<u>372,802</u>	<u>(320,907)</u>
Net income/(loss) after tax is made up of the following:			
Net realised (loss)/gain		(44,084)	75,836
Net unrealised gain/(loss)		416,886	(396,743)
		<u>372,802</u>	<u>(320,907)</u>

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

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

	Note	2023 RM	2022 RM
ASSETS			
Financial assets at FVTPL	7	3,487,110	3,822,299
Islamic deposits with financial institutions	8	1,075,000	655,129
Other receivables		13,881	10,690
Amount due from brokers		222,170	-
Cash at bank		16,633	21,275
TOTAL ASSETS		<u>4,814,794</u>	<u>4,509,393</u>
LIABILITIES			
Other payables		33,288	23,629
Due to Manager		8,870	8,769
Due to Trustee		498	492
Amount due to brokers		104,296	-
TOTAL LIABILITIES		<u>146,952</u>	<u>32,890</u>
EQUITY			
Unit holders' capital	10(a)	961,140	1,142,603
Retained earnings	10(b), 10(c)	3,706,702	3,333,900
TOTAL EQUITY, REPRESENTING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS	10	<u>4,667,842</u>	<u>4,476,503</u>
TOTAL EQUITY AND LIABILITIES		<u>4,814,794</u>	<u>4,509,393</u>
UNITS IN CIRCULATION	10(a)	<u>14,675,568</u>	<u>15,237,586</u>
NAV PER UNIT (RM)		<u>0.3181</u>	<u>0.2938</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 15 JUNE 2023**

	Unit holders' capital Note 10(a) RM	Retained earnings Note 10(b) and (c) RM	Total equity RM
As at 16 June 2021	1,624,080	3,654,807	5,278,887
Total comprehensive loss for the financial year	-	(320,907)	(320,907)
Creation of units	123,076	-	123,076
Cancellation of units	(604,553)	-	(604,553)
As at 15 June 2022	<u>1,142,603</u>	<u>3,333,900</u>	<u>4,476,503</u>
As at 16 June 2022	1,142,603	3,333,900	4,476,503
Total comprehensive income for the financial year	-	372,802	372,802
Creation of units	25,862	-	25,862
Cancellation of units	(207,325)	-	(207,325)
As at 15 June 2023	<u>961,140</u>	<u>3,706,702</u>	<u>4,667,842</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 15 JUNE 2023**

	Note	2023 RM	2022 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of investments		6,896,113	5,927,446
Purchase of investments		(6,369,985)	(5,935,676)
Dividends received		131,542	138,925
Profit income received		26,907	11,914
Manager's fee paid		(70,268)	(75,417)
Trustee's fee paid		(3,747)	(3,973)
Audit fee paid		(7,000)	(6,000)
Tax agent's fee paid		(2,960)	-
Payment for other fees and expenses		<u>(3,910)</u>	<u>(20,359)</u>
Net cash generated from operating and investing activities		<u>596,692</u>	<u>36,860</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		25,862	123,076
Cash payment for units cancelled		<u>(207,325)</u>	<u>(604,553)</u>
Net cash used in financing activities		<u>(181,463)</u>	<u>(481,477)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		415,229	(444,617)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>676,404</u>	<u>1,121,021</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		<u><u>1,091,633</u></u>	<u><u>676,404</u></u>
Cash and cash equivalents comprise:			
Cash at bank		16,633	21,275
Islamic deposits with financial institutions	8	<u>1,075,000</u>	<u>655,129</u>
		<u><u>1,091,633</u></u>	<u><u>676,404</u></u>

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

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

MIDF Amanah Islamic Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 14 May 1971 and the various Supplemental Deeds between Asia Unit Trusts Berhad (“AUTB”), the Trustee - Amanah Raya Berhad and the Registered Holders of the Fund. The Deed and its respective Supplemental Deeds were consolidated on 18 December 1998. The various Master Supplemental Deeds were executed on 1 November 2001 and 31 October 2002. The Fund will continue its operations until terminated by the Trustee as provided under Part 13.2 of the Master Supplemental Deed dated 1 November 2001. On 6 November 2008, the Fourth Master Supplemental Deed was executed between the AUTB, Amanah Raya Berhad and AmanahRaya Trustees Berhad, whereby Amanah Raya Berhad will transfer and assign its rights, duties and obligations under the Master Deed with respect to the Fund and its assets to AmanahRaya Trustees Berhad. The effective date of the transfer was 28 November 2008. The various Master Supplemental Deeds were executed between 6 November 2008 and 20 March 2015. The Eighth Master Supplemental Deed with respect to the Shariah matters was executed on 17 December 2013.

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

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

The Manager, MIDF Amanah Asset Management Berhad, a company incorporated in Malaysia, is a wholly-owned subsidiary of Malaysian Industrial Development Finance Berhad, whereas, Permodalan Nasional Berhad (“PNB”) and Yayasan Pelaburan Bumiputra (“YPB”) are the penultimate and ultimate holding companies. 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 26 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.

(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

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

(c) MFRSs and Amendments to MFRSs issued but not yet effective (Cont'd.)

Description	Effective for annual periods beginning on or after
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 years. These pronouncements are expected to have no significant impact to the financial statements of the Fund upon their initial application.

(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.

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

(d) Financial assets (Cont'd.)

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

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

(ii) Financial assets at amortised cost

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

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

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

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

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

(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.

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.

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

(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.

(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 warrants and (2) Islamic deposits with financial institutions. Each segment engages in separate business activities and the operating results are regularly reviewed by the Investment Manager and the 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.

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

(n) Significant accounting estimates and judgements

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

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

3. MANAGER'S FEE

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

4. TRUSTEE'S FEE

The Trustee's fee is computed on a daily basis at 0.08% per annum (2022: 0.08%) of the NAV of the Fund, before deducting the Manager's and Trustee's fees for that particular day.

5. INCOME TAX EXPENSE

	2023 RM	2022 RM
Charge for the financial year	-	-

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

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

5. INCOME TAX EXPENSE (CONT'D.)

A reconciliation of income tax expense applicable to net income/(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:

	2023	2022
	RM	RM
Net income/(loss) before tax	<u>372,802</u>	<u>(320,907)</u>
Tax at Malaysian statutory rate of 24%	89,472	(77,018)
Effect of income not subject to tax	(126,746)	(37,143)
Expense not deductible for tax purposes	<u>37,274</u>	<u>114,161</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

6. ZAKAT FOR THE FUND

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

7. FINANCIAL ASSETS AT FVTPL

	2023	2022
	RM	RM
Financial assets at FVTPL:		
Quoted Shariah-compliant securities	3,487,110	3,813,254
Quoted Shariah-compliant warrants	-	9,045
	<u>3,487,110</u>	<u>3,822,299</u>
Net gain/(loss) on financial assets at FVTPL comprised:		
Realised (loss)/gain on disposals	(50,416)	74,129
Unrealised gain/(loss) in fair values	<u>416,886</u>	<u>(396,743)</u>
	<u>366,470</u>	<u>(322,614)</u>

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

Financial assets at FVTPL as at 15 June 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	14,000	31,041	30,800	0.7
CCK Consolidated Holdings Berhad	63,000	47,348	44,730	1.0
Fraser & Neave Holdings Berhad	1,000	22,357	25,440	0.5
MBM Resources Berhad	10,000	33,087	35,500	0.8
Mr D.I.Y. Group (M) Berhad	71,000	121,980	112,180	2.4
PPB Group Berhad	6,000	104,460	96,000	2.1
Perak Transit Berhad	125,000	135,178	142,500	3.0
Power Root Berhad	12,000	25,411	25,800	0.5
	<u>302,000</u>	<u>520,862</u>	<u>512,950</u>	<u>11.0</u>
Energy				
Dayang Enterprise Holdings Berhad	118,000	146,055	147,500	3.2
Hibiscus Petroleum Berhad	260,000	248,799	234,000	5.0
	<u>378,000</u>	<u>394,854</u>	<u>381,500</u>	<u>8.2</u>
Health Care				
IHH Health Care Berhad	46,000	274,696	266,800	5.7
KPJ Health Care Berhad	90,000	79,132	103,500	2.2
	<u>136,000</u>	<u>353,828</u>	<u>370,300</u>	<u>7.9</u>

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

Financial assets at FVTPL as at 15 June 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				
Cahaya Mata Sarawak Berhad	195,000	219,745	206,700	4.4
Petronas Chemicals Group Berhad	12,000	91,233	75,000	1.6
SKP Resources Berhad	80,000	94,815	88,800	1.9
V.S. Industry Berhad	130,000	106,557	109,850	2.4
	<u>417,000</u>	<u>512,350</u>	<u>480,350</u>	<u>10.3</u>
Technology				
Agmo Holdings Berhad	1,690	-	980	-
D & O Green Technologies Berhad	50,000	215,005	192,500	4.1
Greatech Technology Berhad	20,000	74,825	87,600	1.9
Inari Amertron Berhad	15,000	34,918	40,950	0.9
MY E.G. Services Berhad	129,000	92,258	107,715	2.3
	<u>215,690</u>	<u>417,006</u>	<u>429,745</u>	<u>9.2</u>

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

Financial assets at FVTPL as at 15 June 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.)				
Telecom- munication & Media				
OCK Group Berhad	508,000	210,616	205,740	4.4
Time Dotcom Berhad	53,000	267,452	276,660	5.9
Telekom Malaysia Berhad	68,000	394,431	340,000	7.3
	<u>629,000</u>	<u>872,499</u>	<u>822,400</u>	<u>17.6</u>
Utilities				
Gas Malaysia Berhad	57,000	189,440	171,000	3.7
Mega First Corporation Berhad	84,500	297,599	51,000	5.7
Petronas Gas Berhad	3,000	52,162	267,865	1.1
	<u>144,500</u>	<u>539,201</u>	<u>489,865</u>	<u>10.5</u>
TOTAL FINANCIAL ASSETS AT FVTPL	<u>2,222,190</u>	<u>3,610,600</u>	<u>3,487,110</u>	<u>74.7</u>
ACCUMULATED UNREALISED LOSS			<u>(123,490)</u>	

8. ISLAMIC DEPOSITS WITH FINANCIAL INSTITUTIONS

	2023 RM	2022 RM
Islamic deposits with licensed banks	<u>1,075,000</u>	<u>655,129</u>

The effective average profit rate for short-term Islamic placements as at 15 June 2023 is 2.89% (2022: 1.80%) per annum. The average maturity of the deposits as at 15 June 2023 is 1 day (2022: 2 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)	961,140	1,142,603
Retained earnings			
- Realised and distributable	(b)	3,830,192	3,874,276
- Unrealised and non-distributable	(c)	<u>(123,490)</u>	<u>(540,376)</u>
Total equity		<u>4,667,842</u>	<u>4,476,503</u>

(a) Unit holder's capital

	2023		2022	
	Units	RM	Units	RM
As at the beginning of the financial year	15,237,586	1,142,603	16,747,548	1,624,080
Creation of units	84,647	25,862	388,575	123,076
Cancellation of units	<u>(646,665)</u>	<u>(207,325)</u>	<u>(1,898,537)</u>	<u>(604,553)</u>
As at the end of the financial year	<u>14,675,568</u>	<u>961,140</u>	<u>15,237,586</u>	<u>1,142,603</u>

10. TOTAL EQUITY (CONT'D.)

(b) Realised and distributable

	2023 RM	2022 RM
As at the beginning of the financial year	3,874,276	3,798,440
Net realised (loss)/gain	<u>(44,084)</u>	<u>75,836</u>
As at the end of the financial year	<u>3,830,192</u>	<u>3,874,276</u>

(c) Unrealised reserve and non-distributable

	2023 RM	2022 RM
As at the beginning of the financial year	(540,376)	(143,633)
Net unrealised gain/(loss) attributable to investments	<u>416,886</u>	<u>(396,743)</u>
As at the end of the financial year	<u>(123,490)</u>	<u>(540,376)</u>

11. UNITS HELD BY MANAGER

For the financial year ended 15 June 2023 and 15 June 2022, no units were held by the Manager.

12. TRANSACTIONS WITH RELATED PARTIES AND OTHER INVESTMENT BANKS

	Value of trade	% of total trade	Brokerage fees	% of total brokerage fees
	RM	%	RM	%
2023				
Affin Hwang Investment Bank Berhad	4,343,045	31.9	10,858	32.8
Public Investment Bank Berhad	2,385,044	17.6	6,001	18.2
Maybank Investment Bank Berhad**	2,357,074	17.3	5,780	17.5
MIDF Amanah Investment Bank Berhad*	2,112,691	15.6	5,375	16.2
CGS -CIMB Securities Berhad	1,332,777	9.8	3,332	10.1
Kenanga Investment Bank Berhad	599,603	4.4	1,199	3.6
TA Securities Holdings Berhad	465,241	3.4	542	1.6
	<u>13,595,475</u>	<u>100.0</u>	<u>33,087</u>	<u>100.0</u>

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

	Value of trade	% of total trade	Brokerage fees	% of total brokerage fees
	RM	%	RM	%
2022				
Affin Hwang Investment Bank Berhad	3,770,085	32.0	9,449	31.9
CGS -CIMB Securities Berhad	3,134,670	26.6	7,849	26.5
MIDF Amanah Investment Bank Berhad*	2,248,082	19.1	5,637	19.1
Public Investment Bank Berhad	1,852,292	15.7	4,677	15.8
Maybank Investment Bank Berhad**	779,897	6.6	1,960	6.6
	<u>11,785,026</u>	<u>100.0</u>	<u>29,572</u>	<u>100.0</u>

* 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 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 June 2023, the TER of the Fund stood at 2.08% (2022: 2.15%).

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 June 2023, the PTR of the Fund stood at 1.45 times (2022: 1.19 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 warrants; 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.

15. SEGMENT INFORMATION (CONT'D.)

	2023			2022		
	Quoted Shariah- compliant securities RM	Islamic deposits with financial institutions RM	Total RM	Quoted Shariah- compliant securities and warrants RM	Islamic deposits with financial institutions RM	Total RM
Dividend income	134,689	-	134,689	142,861	-	142,861
Profit income from Islamic deposits with financial institutions	-	26,950	26,950	-	11,902	11,902
Net gain/ (loss) from investments: - financial assets at FVTPL	366,470	-	366,470	(322,614)	-	(322,614)
Total segment operating income/(loss) for the financial year	<u>501,159</u>	<u>26,950</u>	<u>528,109</u>	<u>(179,753)</u>	<u>11,902</u>	<u>(167,851)</u>
Financial assets at FVTPL	3,487,110	-	3,487,110	3,822,299	-	3,822,299
Islamic deposits with financial institutions	-	1,075,000	1,075,000	-	655,129	655,129
Amount due from brokers	222,170	-	222,170	-	-	-
Other receivables	13,771	110	13,881	10,625	65	10,690
Total segment assets	<u>3,723,051</u>	<u>1,075,110</u>	<u>4,798,161</u>	<u>3,832,924</u>	<u>655,194</u>	<u>4,488,118</u>

15. SEGMENT INFORMATION (CONT'D.)

	2023			2022		
	Quoted Shariah- compliant securities RM	Islamic deposits with financial institutions RM	Total RM	Quoted Shariah- compliant securities and warrants RM	Islamic deposits with financial institutions RM	Total RM
Amount due to brokers	104,296	-	104,296	-	-	-
Total segment liabilities	<u>104,296</u>	<u>-</u>	<u>104,296</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 income/(loss) and net income/(loss) of the Fund:

	2023 RM	2022 RM
Net reportable segment operating income/(loss)	528,109	(167,851)
Expenses	<u>(155,307)</u>	<u>(153,056)</u>
Net income/(loss) before tax	372,802	(320,907)
Income tax expense	<u>-</u>	<u>-</u>
Net income/(loss) after tax	<u>372,802</u>	<u>(320,907)</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 RM	2022 RM
Total segment assets	4,798,161	4,488,118
Cash at bank	<u>16,633</u>	<u>21,275</u>
Total assets of the Fund	<u>4,814,794</u>	<u>4,509,393</u>
Total segment liabilities	104,296	-
Other payables	33,288	23,629
Due to Manager	8,870	8,769
Due to Trustee	<u>498</u>	<u>492</u>
Total liabilities of the Fund	<u>146,952</u>	<u>32,890</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 June 2023 by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	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	3,487,110	-	-	3,487,110
Islamic deposit with a financial institution	-	1,075,000	-	1,075,000
Cash at bank	-	16,633	-	16,633
Other receivables	-	13,881	-	13,881
Amount due from brokers	-	222,170	-	222,170
Total financial assets	3,487,110	1,327,684	-	4,814,794
Liabilities				
Other payables	-	-	33,288	33,288
Due to Manager	-	-	8,870	8,870
Due to Trustee	-	-	498	498
Amount due to brokers	-	-	104,296	104,296
Total financial liabilities	-	-	146,952	146,952

16. FINANCIAL INSTRUMENTS (CONT'D.)

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

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2022				
Assets				
Financial assets at FVTPL	3,822,299	-	-	3,822,299
Islamic deposits with financial institutions	-	655,129	-	655,129
Cash at bank	-	21,275	-	21,275
Other receivables	-	10,690	-	10,690
Total financial assets	<u>3,822,299</u>	<u>687,094</u>	<u>-</u>	<u>4,509,393</u>
Liabilities				
Other payables	-	-	23,629	23,629
Due to Manager	-	-	8,769	8,769
Due to Trustee	-	-	492	492
Total financial liabilities	<u>-</u>	<u>-</u>	<u>32,890</u>	<u>32,890</u>

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	3,487,110	-	-	3,487,110
2022				
Quoted Shariah- compliant securities	3,813,254	-	-	3,813,254
Quoted Shariah- compliant warrants	9,045	-	-	9,045
	<u>3,822,299</u>	<u>-</u>	<u>-</u>	<u>3,822,299</u>

Quoted Shariah-compliant securities and quoted Shariah-compliant warrants

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

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

16. FINANCIAL INSTRUMENTS (CONT'D.)

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

The 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 the Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks types and activities.

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

(d) Risk mitigation

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

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

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

(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 and warrants.

Equity price risk sensitivity

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

Market index	%	Effect on NAV Increase RM
2023		
Changes in equity price	+5	174,356
2022		
Changes in equity price	+5	191,115

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

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

(f) Market risk (Cont'd.)

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

Equity price risk concentration

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

	2023		2022	
	Fair value RM	% of NAV	Fair value RM	% of NAV
Malaysia	3,487,110	74.7	3,822,299	85.3

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.

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

(g) Liquidity risk (Cont'd.)

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

	Less than 1 month RM	Total RM
2023		
Financial assets:		
Financial assets held at FVTPL	3,487,110	3,487,110
Islamic deposits with financial institutions	1,075,000	1,075,000
Other financial assets	252,684	252,684
	<u>4,814,794</u>	<u>4,814,794</u>
Total undiscounted financial assets		
	<u>4,814,794</u>	<u>4,814,794</u>
Financial liabilities:		
Other financial liabilities	146,952	146,952
	<u>146,952</u>	<u>146,952</u>
Total undiscounted financial liabilities		
	<u>146,952</u>	<u>146,952</u>
NAV attributable to unit holders	4,667,842	4,667,842
	<u>4,667,842</u>	<u>4,667,842</u>
Liquidity gap	<u>-</u>	<u>-</u>
2022		
Financial assets:		
Financial assets held at FVTPL	3,822,299	3,822,299
Islamic deposits with financial institutions	655,129	655,129
Other financial assets	31,965	31,965
	<u>4,509,393</u>	<u>4,509,393</u>
Total undiscounted financial assets		
	<u>4,509,393</u>	<u>4,509,393</u>
Financial liabilities:		
Other financial liabilities	32,890	32,890
	<u>32,890</u>	<u>32,890</u>
Total undiscounted financial liabilities		
	<u>32,890</u>	<u>32,890</u>
NAV attributable to unit holders	4,476,503	4,476,503
	<u>4,476,503</u>	<u>4,476,503</u>
Liquidity gap	<u>-</u>	<u>-</u>

17. FINANCIAL RISK AND 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 Islamic 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.

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

(h) Credit risk (Cont'd.)

Credit default

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

(i) Reclassification of Shariah status risk

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

18. CAPITAL MANAGEMENT

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

The Fund's objectives for managing capital are:

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

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

CORPORATE INFORMATION

MANAGER	MIDF Amanah Asset Management Berhad Registration Number: 197201000162 (11804-D)
REGISTERED OFFICE	Level 21, Menara MIDF, 82, Jalan Raja Chulan, 50200 Kuala Lumpur Tel: 03 - 2173 8888
BUSINESS OFFICE	Level 3A, Menara MIDF, 82, Jalan Raja Chulan, 50200 Kuala Lumpur Tel: 03 - 2173 8488 (Customer Service Line) Fax: 03 - 2173 8555 E-mail: midfamanah@midf.com.my Website: www.midf.com.my/index.php/en/what-we-do-en/asset-management
TRUSTEE	AmanahRaya Trustees Berhad (766894-T) Level 14, Wisma AmanahRaya, No. 2, Jalan Ampang, 50508 Kuala Lumpur
BOARD OF DIRECTORS	Hasnah Omar – Chairman Datuk Joseph Dominic Silva Tai Keat Chai Hasman Yusri Yusoff Shan Kamahl Mohamad (appointed effective 10 October 2022) Norziana Mohd Inon (resigned effective 5 July 2023)
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 Hasnah Omar (resigned effective 15 August 2022) Norziana Mohd Inon (resigned effective 5 July 2023)
COMPANY SECRETARIES	Hadidah Amin (LS 05402) Nor Azita Sarip (MAICSA 7048861) Lailatul Mardhiyah Said Abdullah (LS 10110) (resigned effective 28 April 2023)
AUDITOR	Ernst & Young PLT Level 23A, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur

CORPORATE INFORMATION (CONT'D.)

TAX ADVISER	Ernst & Young Tax Consultants Sdn Bhd Level 23A, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur
SHARIAH ADVISER	MIDF Amanah Investment Bank Berhad (23878-X) (Shariah Committee) Level 21, Menara MIDF, 82, Jalan Raja Chulan, 50200 Kuala Lumpur
PRINCIPAL BANKERS	Malayan Banking Berhad (3813-K) Menara Maybank, Jalan Tun Perak, 50050 Kuala Lumpur OCBC Bank (Malaysia) Berhad (295400-W) 18th Floor, Menara OCBC, 18, Jalan Tun Perak, 50050 Kuala Lumpur

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