

MIDF AMANAH SHARIAH MONEY MARKET FUND II



ANNUAL REPORT

For The Year Ended
15th November 2023

MIDF Amanah Asset Management Berhad

MIDF AMANAH ASSET MANAGEMENT BERHAD

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

15 November 2023

Dear Unit Holders:

FUND CATEGORY AND TYPE

Fund Category	Islamic Money Market
Fund Type	Income (Islamic)

ASSET ALLOCATION AS AT 15 NOVEMBER 2023

Short Term Islamic Fixed Income Securities	0%
Islamic Money Market Instruments and Others	100%

PERFORMANCE OF THE FUND

MIDF Amanah Shariah Money Market Fund II ("MASMMF II")	15/11/2023	15/11/2022	%
Net Asset Value ("NAV") (RM)	387,015,565	917,258,477	-57.80
NAV per Unit (RM), Ex-distribution (RM)	0.5007	0.5005	0.04

For the financial year ended 15 November 2023, the NAV was maintained at RM0.5000 per unit. The difference of 0.04% in the NAV per unit is the distribution payable for the period from 1 November 2023 to 15 November 2023, which will be declared in the next financial period of the Fund. The number of units in circulation decreased to 772.92 million units as of 15 November 2023 from 1.832 billion units registered as at 15 November 2022. The Fund met its objective in providing capital stability with regular income returns through investment in short-term Islamic placements during the period under review. The Fund has declared and distributed a total income of 1.65 sen (excluding management and trustee fees of 0.04 sen), which translates to a net dividend yield of 3.31% p.a.

FIXED INCOME / SUKUK MARKET REVIEW

During the period under review, the local government sukuk/bond market staged of a decent rally, with MGS10y reversing about 40 basis points to end up at about 4.00% level in the last quarter of 2022. Corporate bonds rode the momentum of the sovereigns to end up positive after going through a highly volatile year for interest rates due to inflation and geopolitical risks amongst others.

At the start of the year, the local bond market continued to perform impressively as the MGS10y went to as low as 3.73 and at one point, touching 3.65 in line with some exceptional domestic inflation data coming out throughout the year. This is despite the fact that UST10 was constantly under pressure throughout 2023 climbing as high as 5.00% at one point. Naturally, the local bond market couldn't hold up for long with the yield curve shifting upwards by about 40bp to about 4.05% level. The longer end of the curve steepened with the 20y and 30y mgs attracted very little buying interests as seen by lowish bid-to-cover (BTC) on consecutive auctions. As a result, local sukuk/bond market went to a period of price discovery with mark to market yields soaring up across the board.

INVESTMENT OUTLOOK AND STRATEGY

With the Federal Reserve sticking to their guns in maintaining the United States interest rates at 'higher for longer', the expectations are for a choppy outlook moving forward. Local bond market will also have to face some headwinds namely inflationary pressures that is to come from the government's rationalization of subsidies. The obvious strategy is to stay flexible and conservative while continuing to scout for decent entry points to take advantage of the volatile marketplace.

CURRENT PROFILE OF UNITHOLDINGS BY SIZE

Size of Unitholdings	No. of Unit Holders	No. of Units Held	% of Unit Holders
5,000 and below	458	319,735	92.90
5,001 to 10,000	13	81,164	2.64
10,001 to 50,000	11	229,623	2.23
50,001 to 500,000	2	283,863	0.41
500,001 and above	10	772,012,086	1.83
	494	772,926,471	100.00

PORTFOLIO COMPOSITION

	As At 15.11.2023 %	As At 15.11.2022 %	As At 15.11.2021 %
Short Term Islamic Fixed Income Securities	0.00	0.00	0.00
Islamic Money Market Instruments and Others	100.00	100.00	100.00
	100.00	100.00	100.00

PERFORMANCE DATA

		As at 15.11.2023	As at 15.11.2022	As at 15.11.2021
Net Asset Value (NAV)	[RM]	387,015,565	917,258,477	3,082,523,413
Units in Circulation	[Units]	772,926,471	1,832,516,903	6,160,609,868
NAV per Unit	[RM]	0.5000	0.5000	0.5000
Highest NAV*	[RM]	N/A	N/A	N/A
Lowest NAV*	[RM]	N/A	N/A	N/A
Total return:				
- Capital Growth	[%]	NIL	NIL	NIL
- Income Distribution**		1.65	1.05	0.90
Total Expenses Ratio (TER) ¹	[%]	0.08	0.08	0.10
Portfolio Turnover Ratio (PTR) ²	[X]	30.19	21.77	16.94

Notes:

* Not applicable as the NAV price is maintained at RM0.5000.

** The income distribution reported as above is the gross distribution before management and trustee fees.

The net Income Distributions for the Financial Year Ended 15th November 2023 are as follows:

No.	Date of Income Distribution	Income Distribution per unit (RM)
i)	30.11.2022	0.0012
ii)	31.12.2022	0.0014
iii)	31.01.2023	0.0015
iv)	28.02.2023	0.0012
v)	31.03.2023	0.0013
vi)	30.04.2023	0.0013
vii)	31.05.2023	0.0014
viii)	30.06.2023	0.0013
ix)	31.07.2023	0.0014
x)	31.08.2023	0.0014
xi)	30.09.2023	0.0013
xii)	31.10.2023	0.0014

1. The TER for 2023 was maintained at 0.08%,

2. The Fund invested mainly in the placement of short-term deposits only.

3. The PTR for 2023 is 30.19 times as compared to 21.77 times in 2022.

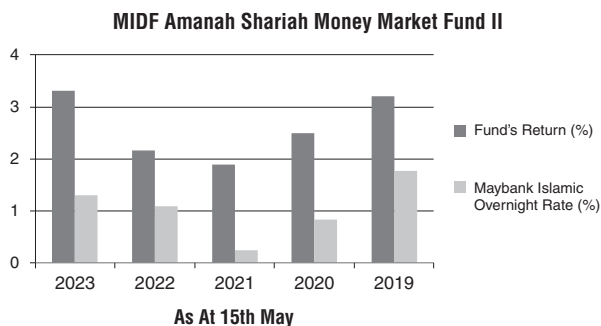
ANNUAL TOTAL RETURN

MIDF Amanah Shariah Money Market Fund II					
As At 15th November	2023	2022	2021	2020	2019
Fund's Return (%)*	3.31	2.17	1.90	2.50	3.20
# Maybank Islamic Overnight Rate (%)	1.30	1.10	0.25	0.84	1.77

* The figure reported as above is the gross annual total return of the fund (excluding the Management and Trustee fees).

Source: Maybank's website (www.maybank2u.com.my)

Note: Effective 1 June 2018, Maybank Islamic Overnight Rate has been identified as new benchmark for MASMMF II subsequent to its conversion from a conventional fund to a Shariah-compliant fund. Therefore, data on the annual total return of the fund against its new comparable benchmark (i.e. Maybank Islamic Overnight Rate) for year 2018 and 2017 are not available.



AVERAGE TOTAL RETURN

As at 15th Nov	* The Fund (%)	# Maybank Islamic Overnight Rate (%)
One year	3.31	1.30
Three years	2.46	0.88
Five years	2.62	1.05

* The figure reported as above is the gross average total return of the fund (excluding the Management and Trustee fees).

Source: Maybank's website (www.maybank2u.com.my)

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

Average total return is derived using the following formula:

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

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

Yours faithfully

MIDF Amanah Asset Management Berhad

SHAN KAMAHL MOHAMMAD

Chief Executive Director

Date: 5 January 2024

MANAGER'S REPORT

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

The Fund currently invests in Islamic money market instruments.

RESULTS

Net income after tax	RM <u>20,923,056</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 Fund aims to provide investors with a regular income stream over the short-to-medium term that complies with Shariah requirements whilst maintaining capital stability.

MANAGEMENT FEES

During the financial year, the Manager is entitled to a management fee of RM387,832 (2022: RM758,113). The Manager's fee is computed on a daily basis at 0.06% (2022: 0.06%) per annum of the Net Asset Value ("NAV") of the Fund before deducting the Manager's and Trustee's fees for that particular day.

DISTRIBUTION

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

During the financial year, an income distribution of RM21,370,753 was declared by the Fund (2022: RM26,704,398), while income distribution of RM21,370,753 was reinvested in the Fund (2022: RM26,704,398).

UNIT SPLIT

No unit split was made during the financial year ended 15 November 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 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 the beginning of the current financial year to the date of this report are:

Hasnah Omar

Tai Keat Chai

Hasman Yusri Yusoff

Shan Kamahl Mohammad

Dato' Azlan bin Shahrim (Appointed on 15 November 2023)

Dato' Seri Diraja Nur Julie Gwee Ariff (Appointed on 15 November 2023)

Datuk Joseph Dominic Silva (Resigned on 15 November 2023)

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: 5 January 2024

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

To the Unit Holders of

MIDF AMANAH SHARIAH MONEY MARKET FUND II (“Fund”)

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

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

Yours faithfully

AMANAHRAYA TRUSTEES BERHAD

ZAINUDIN BIN SUHAIMI

Chief Executive Officer

Kuala Lumpur, Malaysia

Date: 13 December 2023

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

To the unit holders of

MIDF AMANAH SHARIAH MONEY MARKET FUND II (“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 year 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 backing MIDF Amanah Investment Bank Berhad as Shariah Adviser for **MIDF AMANAH SHARIAH MONEY MARKET FUND II** consists of the following members::

DR. MOHAMAD SABRI ZAKARIA
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: 5 January 2024

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 14 to 33 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of MIDF Amanah Shariah Money Market Fund II as at 15 November 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 January 2024

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MIDF Amanah Shariah Money Market Fund II (“the Fund”), which comprise the statement of financial position as at 15 November 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 14 to 33.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 15 November 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.

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

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

Responsibilities of the Manager and Trustee for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

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

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters

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

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

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

Kuala Lumpur, Malaysia
Date: 5 January 2024

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

	Note	2023 RM	2022 RM
INVESTMENT INCOME			
Profit income from Islamic deposits with financial institutions		21,466,571	26,517,400
		<u>21,466,571</u>	<u>26,517,400</u>
EXPENSES			
Manager's fee	3	(387,832)	(758,113)
Trustee's fee	4	(129,277)	(252,704)
Auditors' remuneration		(4,000)	(4,000)
Tax agent's fee		(2,950)	(2,800)
Administrative expenses		(19,456)	(13,841)
		<u>(543,515)</u>	<u>(1,031,458)</u>
Net income before tax		20,923,056	25,485,942
Income tax expense	5	-	-
Net income after tax representing total comprehensive income for the financial year		<u>20,923,056</u>	<u>25,485,942</u>
Net income after tax is made up of the following:			
Net realised income		20,923,056	25,485,942
		<u>20,923,056</u>	<u>25,485,942</u>
Net distribution for the financial year	9(c)	<u>21,370,753</u>	<u>26,704,398</u>
Gross distribution per unit	9(c)	<u>0.0161</u>	<u>0.0105</u>
Net distribution per unit	9(c)	<u>0.0161</u>	<u>0.0105</u>

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

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

	Note	2023 RM	2022 RM
ASSETS			
Islamic deposits with financial institutions	7	386,261,779	915,632,854
Other receivables		789,560	1,445,311
Cash at bank		31,895	274,782
TOTAL ASSETS		<u>387,083,234</u>	<u>917,352,947</u>
LIABILITIES			
Due to Manager		34,020	60,653
Due to Trustee		11,023	19,901
Other payables		22,626	13,916
TOTAL LIABILITIES		<u>67,669</u>	<u>94,470</u>
EQUITY			
Unit holders' capital	9(a)	386,272,486	916,067,701
Retained earnings	9(b), 9(c)	743,079	1,190,776
TOTAL EQUITY REPRESENTING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS	9	<u>387,015,565</u>	<u>917,258,477</u>
TOTAL EQUITY AND LIABILITIES		<u>387,083,234</u>	<u>917,352,947</u>
UNITS IN CIRCULATION	9(a)	<u>772,926,471</u>	<u>1,832,516,903</u>
NAV PER UNIT, EX-DISTRIBUTION (RM)		<u>0.5007</u>	<u>0.5005</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 NOVEMBER 2023**

	Unit holders' capital Note 9(a) RM	Retained earnings Note 9(b) and 9(c) RM	Total equity RM
As at 16 November 2021	3,080,114,181	2,409,232	3,082,523,413
Total comprehensive income for the financial year	-	25,485,942	25,485,942
Creation of units from:			
- Sale	6,610,933,126	-	6,610,933,126
- Distribution	26,704,398	-	26,704,398
Cancellation of units	(8,801,684,004)	-	(8,801,684,004)
Distribution	-	(26,704,398)	(26,704,398)
As at 15 November 2022	<u>916,067,701</u>	<u>1,190,776</u>	<u>917,258,477</u>
As at 16 November 2022	916,067,701	1,190,776	917,258,477
Total comprehensive income for the financial year	-	20,923,056	20,923,056
Creation of units from:			
- Sale	2,472,559,195	-	2,472,559,195
- Distribution	21,370,753	-	21,370,753
Cancellation of units	(3,023,725,163)	-	(3,023,725,163)
Distribution	-	(21,370,753)	(21,370,753)
As at 15 November 2023	<u>386,272,486</u>	<u>743,079</u>	<u>387,015,565</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 NOVEMBER 2023**

	Note	2023 RM	2022 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Islamic deposits and placements with licensed banks and other financial institutions with original maturity of more than 3 months		(26,654,006)	(44,827,974)
Proceeds from maturity of placements		44,827,974	1,070,064,522
Income from Islamic deposit placements received		22,122,322	33,041,289
Manager's fee paid		(414,465)	(958,245)
Trustee's fee paid		(138,155)	(319,414)
Audit fee paid		(4,000)	(3,500)
Tax agent fee paid		(2,960)	(2,200)
Payment for other fees and expenses		<u>(10,736)</u>	<u>(14,271)</u>
Net cash generated from operating and investing activities		<u>39,725,974</u>	<u>1,056,980,207</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds for units created		2,472,559,195	6,610,933,126
Cash payment for units cancelled		<u>(3,023,725,163)</u>	<u>(8,801,684,004)</u>
Net cash used in financing activities		<u>(551,165,968)</u>	<u>(2,190,750,878)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(511,439,994)	(1,133,770,671)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>871,079,662</u>	<u>2,004,850,333</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		<u><u>359,639,668</u></u>	<u><u>871,079,662</u></u>
Cash and cash equivalents comprise:			
Cash at bank		31,895	274,782
Islamic deposits with financial institutions	7	<u>386,261,779</u>	<u>915,632,854</u>
		386,293,674	915,907,636
Less: Islamic deposits with original maturity of more than 3 months		<u>(26,654,006)</u>	<u>(44,827,974)</u>
		<u><u>359,639,668</u></u>	<u><u>871,079,662</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 Shariah Money Market Fund II (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 24 January 1984 and the various Supplemental Deeds between the Manager - 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 Manager, Amanah Raya Berhad and AmanahRaya Trustees Berhad, whereby Amanah Raya Berhad will transfer and assign its rights, duties and obligation under the Master Deed with respect to the Fund and its assets to AmanahRaya Trustees Berhad. The effective date of the transfer was 28 November 2008.

AUTB, MIDF Amanah Asset Management Berhad (“the Manager”) and AmanahRaya Trustees Berhad had entered into a novation agreement dated 18 November 2009 to transfer and assign the management of the Fund to MIDF Amanah Asset Management Berhad, 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 subsequently, the Fund changed its name to MIDF Amanah Bond Fund. The principal activity of the Fund is to invest in Authorised Investments as defined in the Deed, which includes Islamic money market instrument, sukuk, placement of Islamic deposit with financial institutions and any other types of Shariah-compliant investments as may be permitted by the SC from time to time.

The Sixth Master Supplement Deed related to the Fund was registered with SC on 18 October 2010. Effective 1 January 2011, the Fund changed its name to MIDF Amanah Money Market Fund.

The Seventh Master Supplement Deed related to the Fund dated 6 June 2013 was registered with the SC accordingly and effective from the same date, the Fund changed its distribution policy to be in line with the Fund’s objective.

The Eight Master Supplement Deed dated 17 December 2013 registered with the SC did not reflect any changes related to the Fund. The changes stated therein were on other Funds.

The Ninth Master Supplement Deed related to the Fund dated 20 March 2015, which was registered with SC accordingly has effected the implementation of Goods and Services Tax Act 2014 on 1 April 2015.

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

The Tenth Master Supplement Deed related to the Fund dated 12 April 2018 was registered with the SC accordingly and effective from the same date, the Fund changed its name from MIDF Amanah Money Market Fund to MIDF Amanah Shariah Money Market Fund II.

The Manager, MIDF Amanah Asset Management Berhad, a company incorporated in Malaysia, is a wholly-owned subsidiary of Malaysian Industrial Development Finance (“MIDF”). Information of the penultimate and ultimate holding companies is as disclosed in Note 18.

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 approved and authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the Directors on 5 January 2024.

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.

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

(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</i>	
- <i>Comparative Information</i>	1 January 2023
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 101: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 16: <i>Lease - Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7: <i>Supplier Finance Arrangements</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.

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 FVTPL if:

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

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets at fair value through profit or loss'. Dividend income elements of such instruments are recorded separately in '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, Islamic financial assets are measured at amortised cost using the effective profit rate method. Gains and losses are recognised in profit or loss when the financing and receivables are derecognised or impaired, and through the amortisation process.

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

(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 year and from reversal of prior period’s unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the reporting year.

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

(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.

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

(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.

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.

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

(m) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The operating results are regularly reviewed by the Investment Manager and the 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 the segment.

(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 0.06% per annum (2022: 0.06%) of the NAV of the Fund, before deducting the Manager's and Trustee's fees for that particular day.

4. TRUSTEE'S FEE

The Trustee's fee is computed on a daily basis at 0.02% per annum (2022: 0.02%) of the NAV of the Fund, before deducting the Manager's and Trustee's fee 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 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 RM	2022 RM
Net income before tax	20,923,056	25,485,942
Tax at Malaysian statutory rate of 24%	5,021,533	6,116,626
Effect of income not subject to tax	(5,151,977)	(6,364,176)
Expense not deductible for tax purposes	130,444	247,550
Tax expense for the financial year	-	-

6. ZAKAT FOR THE FUND

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

7. ISLAMIC DEPOSITS WITH FINANCIAL INSTITUTIONS

	2023 RM	2022 RM
Islamic deposits with:		
Licensed Islamic banks	304,506,527	846,617,050
Licensed investment banks	81,755,252	69,015,804
	386,261,779	915,632,854

The weighted average effective profit rate for the Islamic placements as at 15 November 2023 is 3.48% (2022: 3.00%) per annum. The average maturity of the Islamic deposits as at 15 November 2023 is 21 days (2022: 19 days).

8. SHARIAH INFORMATION OF THE FUND

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

9. TOTAL EQUITY

	2023 RM	2022 RM
Unit holders' capital	386,272,486	916,067,701
Retained earnings		
- Realised and distributable	743,079	1,190,776
Total equity	387,015,565	917,258,477

9. TOTAL EQUITY (CONT'D.)

(a) Unit holder's capital

	2023		2022	
	No. of units	RM	No. of units	RM
As at beginning of the financial year	1,832,516,903	916,067,701	6,160,609,868	3,080,114,181
Creations of units from:				
- Sale	4,945,118,389	2,472,559,195	13,221,866,252	6,610,933,126
- Distribution	42,741,505	21,370,753	53,408,794	26,704,398
Cancellation of units	(6,047,450,326)	(3,023,725,163)	(17,603,368,011)	(8,801,684,004)
As at the end of the financial year	<u>772,926,471</u>	<u>386,272,486</u>	<u>1,832,516,903</u>	<u>916,067,701</u>

(b) Realised and distributable

	2023 RM	2022 RM
As at the beginning of the financial year	1,190,776	2,409,232
Total comprehensive income for the financial year	20,923,056	25,485,942
Distribution	<u>(21,370,753)</u>	<u>(26,704,398)</u>
As at the end of the financial year	<u>743,079</u>	<u>1,190,776</u>

(c) Distribution

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

2023		Distribution	Total
Distribution Ex-date	Reinvestment date	per unit RM	Distribution RM
30.11.2022	1.12.2022	0.0012	2,045,040
31.12.2022	1.1.2023	0.0014	2,179,807
31.1.2023	1.2.2023	0.0015	2,004,011
28.2.2023	1.3.2023	0.0012	1,709,316
31.3.2023	1.4.2023	0.0013	1,967,638
30.4.2023	1.5.2023	0.0013	2,236,344
31.5.2023	1.6.2023	0.0014	1,838,558
30.6.2023	1.7.2023	0.0013	1,657,192
31.7.2023	1.8.2023	0.0014	1,527,678
31.8.2023	1.9.2023	0.0014	1,413,219
30.9.2023	1.10.2023	0.0013	1,466,825
31.10.2023	1.11.2023	0.0014	1,325,125
		<u>0.0161</u>	<u>21,370,753</u>

9. TOTAL EQUITY (CONT'D.)

(c) Distribution (Cont'd.)

2022

Distribution Ex-date	Reinvestment date	Distribution per unit RM	Total Distribution RM
30.11.2021	1.12.2021	0.0007	4,654,552
31.12.2021	1.1.2022	0.0008	3,949,587
31.1.2022	1.2.2022	0.0008	2,734,055
28.2.2022	1.3.2022	0.0007	2,137,739
31.3.2022	1.4.2022	0.0008	2,001,479
30.4.2022	1.5.2022	0.0008	2,261,048
31.5.2022	1.6.2022	0.0008	1,807,314
30.6.2022	1.7.2022	0.0009	1,157,085
31.7.2022	1.8.2022	0.0010	1,154,385
31.8.2022	1.9.2022	0.0010	1,542,191
30.9.2022	1.10.2022	0.0010	1,488,222
31.10.2022	1.11.2022	0.0012	1,816,742
		<u>0.0105</u>	<u>26,704,398</u>

As at 15 November 2023, the gross and net distribution per unit is RM0.0161 based on total units in circulation as at reporting date and total distribution of 772,926,471 units and RM21,370,753 respectively (2022: gross and net distribution per unit of RM0.0105 based on total units in circulation as at reporting date and total distribution of 1,832,516,903 units and RM26,704,398 respectively).

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

	2023 RM	2022 RM
Investment income	21,466,571	26,517,400
Prior financial year realised income	447,697	1,218,456
Less: Expenses	<u>(543,515)</u>	<u>(1,031,458)</u>
Total income distribution for the financial year	<u>21,370,753</u>	<u>26,704,398</u>

10. UNITS HELD BY MANAGER

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

11. TRANSACTIONS WITH DEALERS

For the financial year ended 15 November 2023 and 15 November 2022, no transactions were transacted with dealers.

12. TOTAL EXPENSE RATIO ("TER")

The TER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a 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 November 2023, the TER of the Fund stood at 0.08% (2022: 0.08%).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund is the ratio of the average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund. For the financial year ended 15 November 2023, the PTR of the Fund stood at 30.19 times (2022: 21.77 times).

14. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

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

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

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

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

15. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund maintains investment portfolios in Islamic money market instruments as dictated by its Trust Deed and investment management strategy.

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

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

(a) Introduction (cont'd.)

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

(b) Risk management structure

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

(c) Risk measurement and reporting system

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

(d) Risk mitigation

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

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

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

(e) Profit rate risk

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

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

(f) Credit risk

Credit concentration

Credit concentration risk is associated with the number of underlying investments or financial institutions which a Fund invests in or place deposits with. As the Fund is actively managed, investing at least 90% of its NAV in Islamic deposits, Islamic money market instruments and/or short-term Islamic debt instruments, all of which have a remaining maturity period of not more than 365 days, up to 10% of the fund NAV will be invested in Islamic short term debt instruments which have a remaining maturity period of more than 365 days but less than 732 days, such asset allocation allows for strategic switching of assets to protect the overall value of the Fund when necessary.

As at reporting date, the Fund placed Islamic deposits with a number of financial institutions. Thus, the Fund does not have significant exposure to credit concentration risk.

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.

As at reporting date, the Fund placed Islamic deposits with reputable financial institutions.

(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.

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

(g) Liquidity risk (cont'd.)

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

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

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	> 1 to 6 month RM	Total RM
2023			
Financial assets:			
Islamic deposits with financial institutions	202,437,842	183,823,937	386,261,779
Other financial assets	301,131	1,229,100	1,530,231
	<u> </u>	<u> </u>	<u> </u>
Total undiscounted financial assets	<u>202,738,973</u>	<u>185,053,037</u>	<u>387,792,010</u>
Financial liabilities:			
Other financial liabilities	67,669	-	67,669
	<u> </u>	<u> </u>	<u> </u>
Total undiscounted financial liabilities	<u>67,669</u>	<u>-</u>	<u>67,669</u>
NAV attributable to unit holders	<u>387,015,565</u>	<u>-</u>	<u>387,015,565</u>
Liquidity (gap)/surplus	<u>(184,344,261)</u>	<u>185,053,037</u>	<u>708,776</u>

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

(g) Liquidity risk (Cont'd.)

	Less than 1 month RM	> 1 to 6 month RM	Total RM
2022			
Financial assets:			
Islamic deposits with financial institutions	866,404,513	49,228,341	915,632,854
Other financial assets	<u>2,085,682</u>	<u>661,442</u>	<u>2,747,124</u>
Total undiscounted financial assets	<u>868,490,195</u>	<u>49,889,783</u>	<u>918,379,978</u>
Financial liabilities:			
Other financial liabilities	<u>94,470</u>	<u>-</u>	<u>94,470</u>
Total undiscounted financial liabilities	<u>94,470</u>	<u>-</u>	<u>94,470</u>
NAV attributable to unit holders	<u>917,258,477</u>	<u>-</u>	<u>917,258,477</u>
Liquidity (gap)/surplus	<u>(48,862,752)</u>	<u>49,889,783</u>	<u>1,027,031</u>

16. CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund's approved fund size and units in issue at the end of the financial year are disclosed in Note 9(a).

The Fund's objectives for managing capital are:

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

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

17. SEGMENT INFORMATION

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

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

18. CHANGES TO THE HOLDING COMPANIES

Previously, the penultimate and ultimate holding companies of the Manager were Permodalan Nasional Berhad (“PNB”) and Yayasan Pelaburan Bumiputra (“YPB”). The holding companies were incorporated in Malaysia.

On 13 April 2023, Bank Negara Malaysia has granted its approval to Malaysia Building Society Berhad (“MBSB”) to acquire 100% shareholding in MIDF from MIDF’s immediate holding company, PNB.

On 2 October 2023, MBSB completed the acquisition of 480,355,627 ordinary shares in MIDF from PNB, representing 100% of the issued and paid-up share capital of MIDF, for a total consideration of RM1.01 billion comprising 1.05 billion new shares in MBSB at an issue price of RM0.9652 to PNB.

Following the above, MIDF continues to be the immediate holding company of the Manager, the penultimate holding company of the Manager is MBSB, a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. Employees Provident Fund (“EPF”), a statutory body established under the Employees Provident Fund Act, 1991 (Act 452) is the ultimate holding company. The holding companies are incorporated in Malaysia.

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 Tai Keat Chai Hasman Yusri Yusoff Shan Kamahl Mohammad Dato' Azlan Shahrin (Appointed effective 15 November 2023) Dato' Seri Diraja Nur Julie Gwee Ariff (Appointed effective 15 November 2023) Datuk Joseph Dominic Silva (Resigned effective 15 November 2023) 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 Norziana Mohd Inon (Resigned effective 5 July 2023)
COMPANY SECRETARIES	Hadidah Amin (LS 10683) 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
TAX ADVISER	Ernst & Young Tax Consultants Sdn Bhd Level 23A, Menara Milenium, Jalan Damanlela Pusat Bandar Damansara, 50490 Kuala Lumpur

CORPORATE INFORMATION (CONT'D.)

**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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