

MIDF AMANAH ESG MUSTADAMAH FUND



ANNUAL REPORT

For The Year Ended
15th May 2024

MIDF Amanah Asset Management Berhad

MIDF AMANAH ASSET MANAGEMENT BERHAD

Level 20, Menara MBSB Bank, PJ Sentral,
Lot 12, Persiaran Barat, Seksyen 52,
46200 Petaling Jaya, Selangor

15th May 2024

Dear Unit Holders:

FUND CATEGORY AND TYPE

Fund Category	ESG Shariah-compliant Equity
Fund Type	Growth

ASSET ALLOCATION AS AT 15 MAY 2024

Shariah-Compliant Equities	92.8%
Islamic Money Market Instruments and Others	5.2%

PERFORMANCE OF THE FUND

MIDF Amanah ESG Mustadamah Fund ("MAEMF")	As At 15/05/2024	As At 15/05/2023	Changes %
Net Asset Value ("NAV") (RM)	11,820,035	10,224,151	15.60
NAV per Unit (RM)	1.1673	1.0044	16.22
Absolute Return Target of 6% per annum	6%	6%	n.a

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

For the financial year ended 15 May 2024, the NAV per unit of MAEMF has appreciated by 16.22% as compared to its absolute return target of 6% per annum, translating to an outperformance of 10.22%.

The key objective of MAEMF is to achieve long-term capital growth through investments in equities with solid ESG ratings and sustainability considerations. For the period under review, the Fund has achieved its objective of growing the NAV.

EQUITY MARKET REVIEW

2023 was a year of surprises for both equities and fixed income with the economic and financial markets terrain braced for no other than many facets of challenges. While Fixed income has fared well with a return of 5.8% in 2023, the equities were rather flat to negatives. In essence, 2023 was a tale of two halves with the stock market struggled in the first half of the year, with a notable shift in the later part of the year, marked by a ramp-up of foreign buying starting from July 2023.

On a brighter note, most analysts are more optimistic about 2024 on the back of a soft landing for major economies with expectations of rate cuts in the US. This, combining with the stable momentum of GDP growth rates, is poised to create a conducive backdrop for improved valuations across diverse asset classes.

Following the 6% and 7% gains in the FBMKLCI and FBM100 in 1Q24, respectively, both indices have advanced a further 3% in the five weeks since end-Mar 2024. From the end-Jun 2023 lows, the KLCI has advanced 15%, while the FBM100 has gained 18%. Improved earnings delivery and much better policy clarity and implementation have driven equities higher, despite the relative weakness of emerging market currencies, including the Ringgit. We are encouraged by the lack of further weakness in Ringgit over the past month, despite the further 1.5% gain in the dollar index to 106. Improved growth from Malaysia's largest trading partner, China, could be a mitigating factor to support this.

All major indices on Bursa Malaysia posted gains in April and May, signaling a broad-based positive sentiment across the market. Notably, the utilities sector stood out as the top performer, both for the month and year-to-date, underscoring investors' strong confidence in this segment. Additionally, key movers in the market, such as YTL Power and YTL Corp, contributed significantly to the KLCI's gains, driven by various factors like anticipated growth in center investments and potential partnerships. However, certain sectors like construction and finance witnessed marginal declines, reflecting mixed sentiments across prevailing across various segments of the market.

KEY MARKET RISKS

- Heightened geopolitical risks such as the long-drawn Ukraine-Russia and Gaza's conflict, may derail global recovery and negatively affect investors' sentiment.
- Deteriorating relationship between the US and China over Taiwan and Tech War.
- Continuation of high-interest rate environment in developed markets, especially in the US and Europe.
- Prolonged weakening of Ringgit due to economic uncertainties will further aggravate capital outflows.
- Worse than-expected economic performance in China may hamper global economic recovery and induce investors to shy away from risky assets.

INVESTMENT OUTLOOK AND STRATEGY

Wrapping up the first quarter of 2024, we remain cautiously optimistic about the local markets with expectations that the FBM KLCI will finish the year above 1,600 points. Starting off with a commendable footing, most indices performed well, posting returns between 5% to 7%, although we saw some outliers where FBM Mid 70 and FBM ACE had returns of 11% and -8% respectively. The FBM KLCI closed the first quarter at 1,530.60 points, with a potential 5% increase from the current level.

In April and May, we continue to see improved portfolio performance attributed to our overweight calls of more than 5% in the winning sectors such as Energy, Construction and Property which have gained by as much as 20% over the period. While some sectors have gained strongly, we still see opportunities for laggard plays within the Technology and Consumer names with potential growth. Our strategy focus will continue to build on a sector and thematic-driven approach, followed by bottom-up stock selection to capitalize on market trends and opportunities

Our confidence stems from policy improvements, the anticipated weakening of the US Dollar, and an upward trend in corporate earnings. Recent earnings results (4Q2023) released in late February were generally positive, registering year-on-year (YoY) improvement and a stable quarter-on-quarter (QoQ). The stable political environment is crucial for attracting foreign investors, and we expect it to boost foreign investor confidence, continuing the strong foreign direct investment trend seen in 2023.

Our local markets offer compelling investment opportunities, trading at a consensus CY25 PER of 12.8x versus its 5-year historical average of 17.6x. Any pullbacks in the market could provide bargain-hunt and opportunities to accumulate. Amongst our top sector recommendations are Technology and Energy.

Our earlier positioning in sector winners such as Construction, Property and Energy with overweight exposure of between 5% to 8% has contributed positively to fund performance in 1Q2024. Our strategy focus will continue to build on a sector and thematic-driven approach, followed by bottom-up stock selection to capitalize on market trends and opportunities. We advocate for a strategic asset allocation within the range of 80% - 85% to ensure a balanced and diversified portfolio.

We'll remain flexible in our tactical asset allocation to manage portfolio risks and navigate macroeconomic changes. In the fixed-income market, we anticipate easing inflation to offer trading opportunities within high-grade and government papers for the medium term. Our focus is on building a resilient long-term portfolio that generates reasonable passive income.

We will continue to remain committed towards our Sustainable Responsible Investment ("SRI") as well as Environmental, Social, and Governance ("ESG") themes across our investment approach, reinforced by our product launches as well as investment solutions/value propositions.

CURRENT PROFILE OF UNITHOLDINGS BY SIZE

Size of Unitholdings	No. of Unit Holders	No. of Units Held	% of Unit Holders
5,000 and below	1	4,669	33.34
5,001 to 10,000	0	0	0
10,001 to 50,000	1	15,000	33.33
50,001 to 500,000	0	0	0.00
500,001 and above	1	10,106,682	33.33
	3	10,126,351	100.00

PORTFOLIO COMPOSITION

	As at 15.05.2024 %	As at 15.05.2023 %
Construction	2.3	-
Consumer Products & Services	21.1	14.3
Energy	3.0	1.4
Finance	1.1	3.4
Healthcare	6.8	-
Industrial Products & Services	7.3	7.2
Plantation	0.8	3.6
Property	2.0	-
Real Estate Investment Trust	-	3.2
Technology	19.8	15.6
Telecommunications & Media	13.0	15.5
Transportations & Logistics	6.5	8.1
Utilities	11.1	6.3
Cash and other Net Assets	5.2	21.4
	100.00	100.00

PERFORMANCE DATA

		As at 15.05.2024	As at 15.05.2023
Net Asset Value	[RM]	11,820,035	10,224,151
Units in Circulation	[Units]	10,126,351	10,179,055
Net Asset Value per Unit	[RM]	1.1673	1.0044
Highest NAV*	[RM]	1.1673	1.0519
Lowest NAV*	[RM]	0.9950	0.9408
Total Return:			
- Capital Growth	[%]	16.22	-4.03
- Income Distribution		Nil	Nil
Total Expense Ratio (TER) ¹	[%]	1.70	1.67
Portfolio Turnover Ratio (PTR) ²	[x]	1.09	1.25

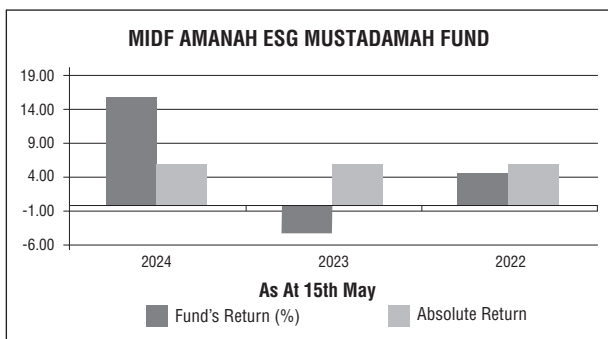
* The highest/lowest selling and buying prices are adjusted prices after taking into account the distribution of income made at the financial year end ("FYE") (if any).

Notes:

- a) The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").
- b) No cross-trade transactions have been carried out during the reported period.
- ¹ The TER for the financial year ended 15 May 2024 stood at 1.70% compared to 1.67% in 2023.
- ² The PTR for the financial year ended 15 May 2024 was at 1.09 times compared to 1.25 times in 2023.

ANNUAL TOTAL RETURN

MAEMF			
As At 15th May	2024	2023	2022
Fund's Return (%)	16.22	-4.03	4.65
Absolute Return Target p.a. (%)	6.00	6.00	6.00



AVERAGE TOTAL RETURN

	The Fund	Absolute Return Target
One Year	16.22	6.00
Three Years	5.77	6.00
Five Years	5.58	6.00

Average total return is derived using the following formula:

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

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

Yours faithfully
MIDF Amanah Asset Management Berhad

Shan Kamahl Mohammad
Director

Date: 18 July 2024

MANAGER'S REPORT

The Manager has pleasure in submitting their report and the audited financial statements of the MIDF Amanah ESG Mustadamah Fund ("the Fund") for the financial year ended 15 May 2024.

PRINCIPAL ACTIVITIES OF THE MANAGER

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

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

INVESTMENTS OF THE FUND

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

Sector	Aggregate cost as at 16.05.2023 RM	Acquisitions RM	Disposals RM	Aggregate cost as at 15.05.2024 RM
Construction	-	250,850	-	250,850
Consumer Products & Services	1,380,324	2,779,417	(1,958,348)	2,201,393
Energy	158,363	877,260	(681,288)	354,335
Finance	373,177	-	(265,749)	107,428
Health Care	-	656,900	-	656,900
Industrial Products & Services	752,686	302,811	(327,352)	728,145
Islamic Real Estate Investment Trusts ("REITs")	338,994	-	(338,994)	-
Plantation	369,929	244,285	(528,789)	85,425
Property	-	897,910	(745,910)	152,000
Technology	1,527,236	3,355,676	(3,080,588)	1,802,324
Telecom- munications & Media	1,508,120	1,463,450	(1,623,102)	1,348,468
Transportation & Logistics	781,914	740,052	(858,261)	663,705
Utilities	629,312	939,552	(481,995)	1,086,869
	<u>7,820,055</u>	<u>12,508,163</u>	<u>(10,890,376)</u>	<u>9,437,842</u>

RESULTS

Net income after tax	RM <u>1,667,221</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 aims to achieve medium to long term sustainable capital appreciation in an ESG portfolio of Shariah-compliant equities.

MANAGEMENT FEES

During the financial year, the Manager is entitled to a management fee of RM161,104 (15 May 2023: RM153,633). The Manager's fee is computed on a daily basis at 1.50% (15 May 2023: 1.50%) per annum of the Net Asset Value ("NAV") of the Fund before deducting the Manager's and Trustee's fees for that particular day.

DISTRIBUTION

Unit holders have the option of requesting that income due to them on any income distribution be reinvested in the Fund, if any. The reinvestments will be based on the NAV per unit (ex-distribution) at the close of the date the income distribution is declared. Sales charge will not be imposed on the income distribution reinvestments. The Manager reserves the right to reinvest income distributed in respect of a Fund, which is less than RM250.00, in additional units of the Fund at the NAV per unit of the Fund at the close of the date the income distribution is declared.

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

The Manager did not propose any distribution for the financial year ended 15 May 2024 (15 May 2023: Nil).

UNIT SPLIT

No unit split was made during the financial year ended 15 May 2024 (15 May 2023: RM Nil).

CHANGES IN VALUE OF FUND

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

POLICY ON STOCKBROKING REBATES AND SOFT COMMISSION

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

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' Seri Diraja Nur Julie Gwee Ariff

(Appointed w.e.f. 15 November 2023)

Dato' Azlan bin Shahrin (Appointed w.e.f. 15 November 2023

and resigned w.e.f. 15 July 2024)

Datuk (Dr.) Joseph Dominic Silva (Resigned w.e.f. 15 November 2023)

Norziana Mohd Inon (Resigned w.e.f. 5 July 2023)

For and on behalf of the Manager

MIDF Amanah Asset Management Berhad

HASNAH OMAR

Director

SHAN KAMAHL MOHAMMAD

Director

Petaling Jaya, Malaysia

Date: 18 July 2024

**TRUSTEE'S REPORT
FOR THE FINANCIAL YEAR ENDED 15 MAY 2024**

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

We have acted as Trustee of the Fund for the financial year ended 15 May 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **MIDF AMANAH ASSET MANAGEMENT BERHAD** has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

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

For **AMANAHRAYA TRUSTEES BERHAD**

ZAINUDIN BIN SUHAIMI
Chief Executive Officer

Date: 21 June 2024

**SHARIAH ADVISER'S REPORT
FOR THE FINANCIAL YEAR ENDED 15 MAY 2024**

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

We hereby confirm the following:

- 1 To the best of our knowledge, after having made all reasonable enquiries, **MIDF AMANAH ASSET MANAGEMENT BERHAD** has operated and managed the Fund during the period covered by these financial statements in accordance with Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
- 2 The assets of the Fund comprise of instruments that have been classified as Shariah-compliant.

For **MBSB BANK BERHAD**

MOHD BAHRODDIN BADRI
Chairman, Shariah Committee
MBSB Bank Berhad

Date: 18 July 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 16 to 44 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of MIDF Amanah ESG Mustadamah Fund as at 15 May 2024 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

Petaling Jaya, Malaysia
Date: 18 July 2024

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF MIDF AMANAH ESG MUSTADAMAH FUND

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MIDF Amanah ESG Mustadamah Fund (the "Fund"), which comprise the statement of financial position as at 15 May 2024, 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 material accounting policy information, as set out on pages 16 to 44.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 15 May 2024, and of its financial performance and cash flows for financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager and Trustee for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
MIDF AMANAH ESG MUSTADAMAH FUND (CONT'D.)**

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

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

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

Other matters

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

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

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

Date: 18 July 2024

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 15 MAY 2024**

	Note	2024 RM	2023 RM
INVESTMENT INCOME			
Dividend income		382,134	358,621
Profit income from Islamic deposits with financial institutions		33,984	43,295
Net gain/(loss) from financial assets at fair value through profit or loss ("FVTPL")	7	1,517,878	(549,984)
		<u>1,933,996</u>	<u>(148,068)</u>
EXPENSES			
Manager's fee	3	(161,104)	(153,633)
Trustee's fee	4	(5,370)	(5,121)
Auditors' remuneration		(7,000)	(7,000)
Brokerage fee	12	(50,099)	(63,145)
Tax agent's fee		(3,880)	(2,800)
Administrative expenses		(39,322)	(48,576)
		<u>(266,775)</u>	<u>(280,275)</u>
Net income/(loss) before tax		1,667,221	(428,343)
Income tax expense	5	-	-
Net income/(loss) after tax, representing total comprehensive income/(loss) for the financial year		<u>1,667,221</u>	<u>(428,343)</u>
Net income/(loss) after tax is made up of the following:			
Net realised gain/(loss)		112,815	(1,071,569)
Net unrealised gain		1,554,406	643,226
		<u>1,667,221</u>	<u>(428,343)</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 15 MAY 2024**

	Note	2024 RM	2023 RM
ASSETS			
Financial assets at FVTPL	7	11,207,120	8,034,927
Islamic deposits with financial institutions	8	625,455	2,167,230
Other receivables		10,470	39,726
Cash at bank		13,238	13,026
TOTAL ASSETS		<u>11,856,283</u>	<u>10,254,909</u>
LIABILITIES			
Other payables		14,434	11,050
Due to Manager		21,110	19,072
Due to Trustee		704	636
TOTAL LIABILITIES		<u>36,248</u>	<u>30,758</u>
EQUITY			
Unit holders' capital	10(a)	10,801,679	10,873,016
Retained earnings/ (Accumulated loss)	10(b), 10(c)	<u>1,018,356</u>	<u>(648,865)</u>
TOTAL EQUITY, REPRESENTING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS		<u>11,820,035</u>	<u>10,224,151</u>
TOTAL EQUITY AND LIABILITIES		<u>11,856,283</u>	<u>10,254,909</u>
UNITS IN CIRCULATION	10(a)	<u>10,126,351</u>	<u>10,179,055</u>
NAV PER UNIT (RM)		<u>1.1673</u>	<u>1.0044</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 MAY 2024**

	Unit holders' capital Note 10(a) RM	(Accumulated loss)/ Retained earnings Note 10(b) and (c) RM	Total equity RM
As at 16 May 2022	10,870,045	(220,522)	10,649,523
Total comprehensive loss for the financial year	-	(428,343)	(428,343)
Creation of units	2,971	-	2,971
As at 15 May 2023	<u>10,873,016</u>	<u>(648,865)</u>	<u>10,224,151</u>
As at 16 May 2023	10,873,016	(648,865)	10,224,151
Total comprehensive income or the financial year	-	1,667,221	1,667,221
Creation of units	144,969	-	144,969
Cancellation of units	(216,306)	-	(216,306)
As at 15 May 2024	<u>10,801,679</u>	<u>1,018,356</u>	<u>11,820,035</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 MAY 2024**

	Note	2024 RM	2023 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of investments		10,815,651	12,815,760
Purchase of investments		(12,554,092)	(12,921,808)
Dividends received		410,993	333,109
Profit income received		34,381	43,213
Manager's fee paid		(159,066)	(154,679)
Trustee's fee paid		(5,302)	(5,156)
Audit fee paid		(7,000)	(7,000)
Tax agent fee paid		(2,960)	-
Payment for other fees and expenses		(2,831)	(3,516)
Net cash (used in)/generated from operating and investing activities		<u>(1,470,226)</u>	<u>99,923</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		144,969	2,971
Cash payment for units cancelled		(216,306)	-
Net cash (used in)/generated from financing activities		<u>(71,337)</u>	<u>2,971</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,541,563)	102,894
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>2,180,256</u>	<u>2,077,362</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		<u>638,693</u>	<u>2,180,256</u>
Cash and cash equivalents comprise:			
Cash at bank		13,238	13,026
Islamic deposits with financial institutions	8	<u>625,455</u>	<u>2,167,230</u>
		<u>638,693</u>	<u>2,180,256</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 15 MAY 2024**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

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

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

The registered office of the Fund is located at Level 25, Menara MBSB Bank, PJ Sentral, Lot 12, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya, Selangor.

The Manager, MIDF Amanah Asset Management Berhad, a company incorporated in Malaysia, is a wholly-owned subsidiary of Malaysian Industrial Development Finance Berhad (“MIDF”). Information the penultimate and ultimate holding companies is as disclosed in Note 19.

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 18 July 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(b) Changes in accounting policies

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

MFRS 17: *Insurance Contracts*

Amendments to MFRS 17: *Insurance Contracts*

Amendments to MFRS 17: *Initial Application of MFRS 17 and MFRS 9 Comparative Information*

Amendments to MFRS 101: *Disclosure of Accounting Policies*

Amendments to MFRS 108: *Definition of Accounting Estimates*

Amendments to MFRS 112: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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
Amendments to MFRS 107 and MFRS 7: <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 121: <i>Lack of Exchangeability</i>	1 January 2025
MFRS 18: <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Fund plans to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact to the financial statements of the Fund upon their initial application.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(d) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Fund determines the classification of its financial assets at initial recognition.

(i) Financial assets at FVTPL

A financial asset is measured at fair value through profit or loss if:

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

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

(ii) Financial assets at amortised cost

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(d) Financial assets (cont'd.)

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

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective profit rate method. Gains and losses are recognised in profit or loss when the financing and receivables are derecognised or impaired, and through the amortisation process.

(e) Impairment of financial assets

The Fund holds financial assets with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for Expected Credit Losses (“ECL”) under MFRS 9 to all its financial assets. Therefore, the Fund does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECL at each reporting date.

The Fund’s approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(f) Classification of realised and unrealised gains and losses

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

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(g) Financial liabilities (Cont'd.)

The Fund's financial liabilities which include other payables and sundry creditors are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit rate method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(h) Unit holders' capital

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as Shariah-compliant equity instruments under the revised MFRS 132 Financial Instruments: Presentation.

(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.

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.

(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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(l) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

No deferred tax is recognised as there are no material temporary differences.

(m) Segment reporting

For management purposes, the Fund is managed by two main portfolios, namely (1) Quoted Shariah-compliant securities and (2) Islamic deposits with financial institutions. Each segment engages in separate business activities and the operating results are regularly reviewed by the Investment Manager and the Oversight Committee. The Fund Manager assumes the role of chief operating decision maker, for performance assessment purposes and to make decisions about resources allocated to each investment segment.

(n) Significant accounting estimates and judgments

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

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

3. MANAGER'S FEE

The Manager's fee is computed on a daily basis at 1.50% per annum (15 May 2023: 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 0.05% per annum (15 May 2023: 0.05%) of the NAV of the Fund, before deducting the Manager's and Trustee's fees for that particular day.

5. INCOME TAX EXPENSE

	2024 RM	2023 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.

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:

	2024 RM	2,023 RM
Net income/(loss) before tax	1,667,221	(428,343)
Tax at Malaysian statutory tax rate of 24%	400,133	(102,802)
Effect of income not subject to tax	(464,159)	(96,460)
Expenses not deductible for tax purposes	64,026	199,262
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. FINANCIAL ASSETS AT FVTPL

	2024 RM	2023 RM
Financial assets at FVTPL:		
Quoted Shariah-compliant securities	11,207,120	8,034,927
Net gain/(loss) on financial assets at FVTPL comprised:		
Realised loss on disposals	(36,528)	(1,193,210)
Unrealised gain in fair value	1,554,406	643,226
	1,517,878	(549,984)

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

Financial assets at FVTPL as at 15 May 2024 are as detailed below:

Name of Counter	Quantity/ Nominal amount Units	Cost RM	Fair Value RM	% of NAV %
QUOTED SHARIAH-COMPLIANT SECURITIES				
Construction				
Gamuda Berhad	50,000	250,850	272,500	2.3
Consumer Products & Services				
Bermaz Auto Berhad	567,600	1,287,495	1,356,564	11.5
Fraser & Neave Holdings Berhad	30,700	795,548	997,136	8.4
Sime Darby Berhad	50,000	118,350	142,000	1.2
	<u>648,300</u>	<u>2,201,393</u>	<u>2,495,700</u>	<u>21.1</u>
Energy				
Hibiscus Petroleum Berhad	140,000	354,335	359,800	3.0
Finance				
Bursa Malaysia Berhad	16,500	107,428	133,320	1.1
Health care				
KPJ Healthcare Berhad	400,000	656,900	800,000	6.8
Industrial Products & Services				
Petronas Chemicals Group Berhad	30,000	181,467	204,300	1.7
UCHI Technologies Berhad	162,300	546,678	665,430	5.6
	<u>192,300</u>	<u>728,145</u>	<u>869,730</u>	<u>7.3</u>
Plantation				
Sime Darby Plantation Berhad	20,000	85,425	88,800	0.8

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

Financial assets at FVTPL as at 15 May 2024 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.)				
Property				
UEM				
Sunrise Berhad	200,000	152,000	234,000	2.0
Technology				
Frontken Corporation Berhad				
	105,000	327,944	448,350	3.8
Inari Amertron Berhad				
	125,000	339,092	391,250	3.3
MY E.G. Services Berhad				
	1,030,000	820,216	1,060,900	9.0
Unisem (M) Berhad				
	110,000	315,072	438,900	3.7
	<u>1,370,000</u>	<u>1,802,324</u>	<u>2,339,400</u>	<u>19.8</u>
Telecommunications & Media				
Celcomdigi Berhad				
	133,000	549,421	541,310	4.6
Telekom Malaysia Berhad				
	160,000	799,047	990,400	8.4
	<u>293,000</u>	<u>1,348,468</u>	<u>1,531,710</u>	<u>13.0</u>
Transportation & Logistics				
MISC Berhad	93,500	663,705	770,440	6.5
Utilities				
Petronas Gas Berhad				
	25,200	421,696	456,120	3.9
Tenaga Nasional Berhad				
	69,000	665,173	855,600	7.2
	<u>94,200</u>	<u>1,086,869</u>	<u>1,311,720</u>	<u>11.1</u>
TOTAL FINANCIAL ASSETS AT FVTPL				
	<u>3,517,800</u>	<u>9,437,842</u>	<u>11,207,120</u>	<u>94.8</u>
ACCUMULATED UNREALISED GAIN				
			<u>1,769,278</u>	

8. ISLAMIC DEPOSITS WITH FINANCIAL INSTITUTIONS

	2024 RM	2023 RM
Islamic deposits with licensed banks	<u>625,455</u>	<u>2,167,230</u>

The effective average profit rate for short-term Islamic placements as at 15 May 2024 is 2.95% (15 May 2023: 2.84%) per annum. The average maturity of the deposits as at 15 May 2024 is 1 day (15 May 2023: 3 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	2024 RM	2023 RM
Unit holders' capital	(a)	10,801,679	10,873,016
Retained earnings			
- Realised and distributable	(b)	(750,922)	(863,737)
- Unrealised and non-distributable	(c)	<u>1,769,278</u>	<u>214,872</u>
Total equity		<u>11,820,035</u>	<u>10,224,151</u>

(a) Unit holders' capital

	2024		2023	
	No. of units	RM	No. of units	RM
As at the beginning of the financial year	10,179,055	10,873,016	10,176,015	10,870,045
Creation of units	144,653	144,969	3,040	2,971
Cancellation of units	<u>(197,357)</u>	<u>(216,306)</u>	-	-
As at the end of the financial year	<u>10,126,351</u>	<u>10,801,679</u>	<u>10,179,055</u>	<u>10,873,016</u>

10. TOTAL EQUITY (CONT'D.)

(b) Realised and distributable

	2024 RM	2023 RM
As at the beginning of the financial year	(863,737)	207,832
Net realised gain/(loss)	112,815	(1,071,569)
As at the end of the financial year	<u>(750,922)</u>	<u>(863,737)</u>

(c) Unrealised and non-distributable

	2024 RM	2023 RM
As at the beginning of the year	214,872	(428,354)
Net unrealised gain attributable to investments	1,554,406	643,226
As at the end of the financial year	<u>1,769,278</u>	<u>214,872</u>

11. UNITS HELD BY MANAGER

For the financial year ended 15 May 2024 and 15 May 2023, no units were held by the Manager.

12. TRANSACTIONS WITH RELATED PARTIES AND OTHER INVESTMENT BANKS

	Value of trade RM	% of Total Trade %	Brokerage fees RM	% of Total Brokerage Fees
2024				
TA Securities Holdings Berhad	4,632,032	19.8	4,675	9.3
MIDF Amanah Investment Bank Berhad*	4,210,737	18.0	10,527	21.0
Public Investment Bank Berhad	3,402,645	14.6	8,507	17.0
CGS-CIMB Securities Sdn Bhd	3,399,128	14.5	8,498	17.0
Maybank Investment Bank Berhad	3,378,260	14.5	8,446	16.9
Kenanga Investment Bank Berhad	2,802,799	12.0	5,605	11.2
Affin Hwang Investment Bank Berhad	1,536,412	6.6	3,841	7.7
TOTAL	<u>23,362,013</u>	<u>100.0</u>	<u>50,099</u>	<u>100.0</u>

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

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

* MIDF Amanah Investment Bank Berhad is a related company of MIDF Amanah Asset Management Berhad, the Manager.

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 May 2024, the TER of the Fund stood at 1.70% (15 May 2023: 1.67%).

14. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund is the ratio of the average acquisitions and disposal of the Fund for the financial year to the average NAV of the Fund. For the financial year ended 15 May 2024, the PTR of the Fund stood at 1.09 times (15 May 2023: 1.25 times).

15. SEGMENT INFORMATION

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

- Quoted Shariah-compliant securities; and
- Islamic deposits with financial institutions.

The investment objective of each segment is to achieve consistent returns from the investments of each segment while safeguarding capital by investing in diversified portfolios. There have been no changes in reportable segments in the current financial year. The segment information provided is presented to the Manager and Oversight Committee of the Fund.

15. SEGMENT INFORMATION (CONT'D.)

	2024			2023		
	Quoted Shariah- compliant securities RM	Islamic deposits with financial institutions RM	Total RM	Quoted Shariah- compliant securities RM	Islamic deposits with financial institutions RM	Total RM
Dividend income	382,134	-	382,134	358,621	-	358,621
Profit income from Islamic deposits with financial institutions	-	33,984	33,984	-	43,295	43,295
Net loss from investments: - financial assets at FVTPL	1,517,878	-	1,517,878	(549,984)	-	(549,984)
Total segment operating income/(loss) for the financial year	<u>1,900,012</u>	<u>33,984</u>	<u>1,933,996</u>	<u>(191,363)</u>	<u>43,295</u>	<u>(148,068)</u>
Financial assets at FVTPL	11,207,120	-	11,207,120	8,034,927	-	8,034,927
Islamic deposits with financial institutions	-	625,455	625,455	-	2,167,230	2,167,230
Profit receivables	-	50	50	-	447	447
Dividend receivables	10,420	-	10,420	39,279	-	39,279
Total segment assets	<u>11,217,540</u>	<u>625,505</u>	<u>11,843,045</u>	<u>8,074,206</u>	<u>2,167,677</u>	<u>10,241,883</u>

15. SEGMENT INFORMATION (CONT'D.)

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

	2024	2023
	RM	RM
Net reportable segment operating income/(loss)	1,933,996	(148,068)
Expenses	<u>(266,775)</u>	<u>(280,275)</u>
Net income/(loss) before tax	1,667,221	(428,343)
Income tax expense	<u>-</u>	<u>-</u>
Net income/(loss) after tax	<u><u>1,667,221</u></u>	<u><u>(428,343)</u></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.

	2024	2023
	RM	RM
Total segment assets	11,843,045	10,241,883
Cash at bank	<u>13,238</u>	<u>13,026</u>
Total assets of the Fund	<u><u>11,856,283</u></u>	<u><u>10,254,909</u></u>
Total segment liabilities	-	-
Other payables	14,434	11,050
Due to Manager	21,110	19,072
Due to Trustee	<u>704</u>	<u>636</u>
Total liabilities of the Fund	<u><u>36,248</u></u>	<u><u>30,758</u></u>

16. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The following table analyses the financial assets and liabilities of the Fund in the statement of financial position as at 15 May 2024 by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

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
2024				
Assets				
Financial assets at FVTPL	11,207,120	-	-	11,207,120
Islamic deposits with financial institutions	-	625,455	-	625,455
Other receivables	-	10,470	-	10,470
Cash at bank	-	13,238	-	13,238
Total financial assets	<u>11,207,120</u>	<u>649,163</u>	<u>-</u>	<u>11,856,283</u>
Liabilities				
Other payables	-	-	14,434	14,434
Due to Manager	-	-	21,110	21,110
Due to Trustee	-	-	704	704
Total financial liabilities	<u>-</u>	<u>-</u>	<u>36,248</u>	<u>36,248</u>
2023				
Assets				
Financial assets at FVTPL	8,034,927	-	-	8,034,927
Islamic deposits with financial institutions	-	2,167,230	-	2,167,230
Other receivables	-	39,726	-	39,726
Cash at bank	-	13,026	-	13,026
Total financial assets	<u>8,034,927</u>	<u>2,219,982</u>	<u>-</u>	<u>10,254,909</u>
Liabilities				
Other payables	-	-	11,050	11,050
Due to Manager	-	-	19,072	19,072
Due to Trustee	-	-	636	636
Total financial liabilities	<u>-</u>	<u>-</u>	<u>30,758</u>	<u>30,758</u>

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
2024				
Quoted Shariah- compliant securities	<u>11,207,120</u>	<u>-</u>	<u>-</u>	<u>11,207,120</u>
2023				
Quoted Shariah- compliant securities	<u>8,034,927</u>	<u>-</u>	<u>-</u>	<u>8,034,927</u>

Quoted Shariah-compliant securities

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

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

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

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

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund maintains Islamic investment portfolios in a variety of listed and unlisted Shariah-compliant financial instruments as dictated by its Trust Deed and Islamic investment management strategy.

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

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

(b) Risk management structure

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

(c) Risk measurement and reporting system

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

(d) Risk mitigation

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

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

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

(e) Excessive risk concentration

Concentration risk indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Fund's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio in accordance with the Fund's Trust Deed, Investment Manager's guidelines and the Securities Commission's Guidelines on Unit Trust Funds. Portfolio diversification across a number of sectors and industries minimises the risk not only of any single company's securities becoming worthless but also of all holdings suffering uniformly adverse business conditions. Specifically, the Fund's Trust Deed and Securities Commission's Guidelines on Unit Trust Funds limits the Fund's exposure to a single entity/industry sector to a certain percentage of its NAV.

(f) Market risk

(i) Profit rate risk

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

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

(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.

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

(f) Market risk (Cont'd.)

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

Equity price risk sensitivity

Management's best estimate of the effect on the 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:

	%	Effect on NAV Increase RM
Market index		
2024		
Changes in equity price	+5	560,356
2023		
Changes in equity price	+5	401,746

The Management assumed that the movement of FVTPL investments as at 15 May 2024 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.

Equity price risk concentration

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

	2024		2023	
	Fair value RM	As % of NAV	Fair value RM	As % of NAV
Malaysia	11,207,120	94.8	8,034,927	78.6

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

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

(g) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unit holders by the Manager are redeemable at the unit holder's option based on the Fund's 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 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
2024		
Financial assets:		
Financial assets at FVTPL	11,207,120	11,207,120
Islamic deposits with financial institutions	625,455	625,455
Other financial assets	23,708	23,708
	<hr/>	<hr/>
Total undiscounted financial assets	11,856,283	11,856,283
	<hr/>	<hr/>
Financial liabilities:		
Other financial liabilities	36,248	36,248
	<hr/>	<hr/>
Total undiscounted financial liabilities	36,248	36,248
	<hr/>	<hr/>
NAV attributable to unit holders	11,820,035	11,820,035
	<hr/>	<hr/>
Liquidity gap	-	-
	<hr/>	<hr/>
2023		
Financial assets:		
Financial assets at FVTPL	8,034,927	8,034,927
Islamic deposits with financial institutions	2,167,230	2,167,230
Other financial assets	52,752	52,752
	<hr/>	<hr/>
Total undiscounted financial assets	10,254,909	10,254,909
	<hr/>	<hr/>
Financial liabilities:		
Other financial liabilities	30,758	30,758
	<hr/>	<hr/>
Total undiscounted financial liabilities	30,758	30,758
	<hr/>	<hr/>
NAV attributable to unit holders	10,224,151	10,224,151
	<hr/>	<hr/>
Liquidity gap	-	-
	<hr/>	<hr/>

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

(g) Liquidity risk (cont'd.)

(i) Financial assets

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

(ii) Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

(iii) Equity

As unit holders can request for redemption on their units by giving the Manager a 3-day notice period, they have been categorised as having a maturity of "Less than 1 month". However, the Fund believes that it would be able to liquidate other investments should the need arise to satisfy all the redemption requirements of the Fund.

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

(h) Credit risk

Credit concentration

Credit concentration risk is associated with the number of underlying Islamic investments or Islamic financial institutions which a Fund invests in or place deposits with. As the Fund is allowed to place Islamic deposits and/or invest in Islamic money market instruments wholly with a single financial institution, the NAV per unit of the Fund would be affected if the financial institution is not able to make timely payments of profit and/or principal.

Credit default

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

(i) Reclassification of Shariah status risk

There is a risk that the currently held Shariah-compliant securities and 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.

19. CHANGES IN GROUP STRUCTURE

Previously, the penultimate and ultimate holding companies of the Manager, MIDF Amanah Asset Management Berhad 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, 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.

CORPORATE INFORMATION

MANAGER	MIDF Amanah Asset Management Berhad Registration No: 197201000162 (11804-D)
REGISTERED OFFICE	Level 25, Menara MBSB Bank, PJ Sentral Lot 12, Persiaran Barat, Seksyen 52 46200 Petaling Jaya, Selangor Tel: 03 – 2173 8888
BUSINESS OFFICE	Level 20, Menara MBSB Bank, PJ Sentral Lot 12, Persiaran Barat, Seksyen 52 46200 Petaling Jaya, Selangor Tel: 03 - 2173 8488 (Customer Service Line) Fax: 03 - 2173 8555 E-mail: midfamanah@midf.com.my Website: www.midf.com.my/index.php/en/what-we-do-en/asset-management
TRUSTEE	AmanahRaya Trustees Berhad (766894-T) Tingkat 14, Wisma AmanahRaya, No. 2, Jalan Ampang, 50508 Kuala Lumpur
BOARD OF DIRECTORS	Hasnah Omar – Chairman Tai Keat Chai Hasman Yusri Yusoff Shan Kamahl Mohammad Dato' Azlan Shahrim (appointed effective 15 November 2023 and resigned w.e.f. 15 July 2024) Dato' Seri Diraja Nur Julie Gwee Ariff (appointed effective 15 November 2023) Datuk (Dr.) 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	Nor Azita Sarip (MAICSA 7048861) Nor'adilah Mohd Arshad (LS 10098) (appointed effective 1 January 2024) Hadidah Amin (LS 10683) (resigned effective 1 January 2024) 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.)

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If undelivered, please return to:

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