

# **MIDF AMANAH LR SUKUK FUND**

**ANNUAL REPORT  
FOR THE FINANCIAL YEAR ENDED  
30 NOVEMBER 2024**



**MIDF Amanah Asset Management Berhad**  
**Business Registration No.: 197201000162 (11804-D)**  
**Level 20, Menara MBSB Bank,**  
**PJ Sentral, Lot 12, Persiaran Barat, Seksyen 52,**  
**46200 Petaling Jaya, Selangor**  
**Tel: 03-2173 8888 Fax: 03-2173 8477**

**MIDF AMANAH ASSET MANAGEMENT BERHAD**

Level 20, Menara MBSB Bank, PJ Sentral

Lot 12, Persiaran Barat, Seksyen 52

46200 Petaling Jaya, Selangor

30 November 2024

Dear Unit Holders:

**FUND CATEGORY AND TYPE**

Fund Category	Sukuk
Fund Type	Low Risk Growth

**ASSET ALLOCATION AS AT 30 NOVEMBER 2024**

Sukuk	0%
Islamic Money Market Instruments	100%

**PERFORMANCE OF THE FUND**

<b>MIDF Amanah LR Sukuk Fund ("MALRSF")</b>	<b>30/11/2024</b>
<b>Net Asset Value ("NAV") (RM)*</b>	10,545
<b>NAV per Unit (RM)</b>	1.0111

During the interim period as at 30 November 2024, the NAV remained at RM1.0111 per unit. Meanwhile, the number of units in circulation of the Fund was at 10,545 units.

The Maybank 1-month Islamic Fixed Deposit-i Rate has been identified as the benchmark due to its accessibility and its reliable indication of the performance of the Islamic Money Market.

## **FIXED INCOME / SUKUK MARKET REVIEW**

The domestic government bonds were firmer in November despite the volatile global bond backdrop. The final 3Q GDP growth came in as per the advanced estimate at 5.3% y/y, but economic data for the month was generally soft, with both September industrial production and October exports came in below expectations. October inflation unexpectedly inched higher by a notch to 1.9% y-o-y, the first rise in 6 months, driven by higher food prices. BNM continued to strike a neutral tone as it left rates unchanged on November 06. Yields ended lower by between 1 to 15bps, with the 7-year sector outperforming along the curve. The surprising postponement of the 10Y MGS reopening and cancellation of the 3Y GII reopening scheduled for December lending support to the bond market.

UST yields fell in November, with the longer end of the curve outperforming. The 20Y UST led the gains for the month. Yields initially rose during the month, driven by the outcome of the Trump election victory, which saw the Republicans capture the Senate and retain the House. These fuelled expectations of an expansionary fiscal policy including extension and deepening of fiscal measures and the inflationary impact of it.

The 10-year UST rose as high as 4.45% before retreating, supported by generally positive economic data, except for a weaker-than-expected jobs report, which was likely impacted by the hurricanes and Boeing strikes. The FOMC cut its policy rate by 25bps on November 7, as anticipated, and signalled further gradual cuts ahead. However, expectations for additional rate cuts by the Fed diminished in November, with futures markets now pricing in 92bps of cuts in 2024, including the 75bps already delivered.

## **INVESTMENT OUTLOOK AND STRATEGY**

Local sukuk/bond market will likely face some headwinds, particularly from inflationary pressures stemming from the government's rationalization of subsidies. The obvious prudent strategy is to stay flexible and conservative while continuing to scout for decent/attractive entry points to take advantage of the volatile environment. This approach not only aims to enhance returns but also aligns with our broader goal of building assets under management (AUM).

Meanwhile, Bank Negara Malaysia ("BNM") maintained the Overnight Policy Rate ("OPR") at 3.00% during its final Monetary Policy Committee ("MPC") meeting, in line with consensus expectations.

### **CURRENT PROFILE OF UNITHOLDINGS BY SIZE**

Size of Unitholdings	No of Unitholders	No. of Units Held	% of Unitholders
5000 and below	0	0	0
5,001 to 10,000	0	0	0
10,001 to 50,000	1	10,429	100
50,001 to 500,000	0	0	0
500,001 and above	0	0	0
	1	10,429	100

### **PORTFOLIO COMPOSITION**

	As At
	30.11.2024
	%
Islamic Money Market Instruments	100
Cash and other Net Assets	-
	100

### **PERFORMANCE DATA**

		As at 30.11.2024
Net Asset Value	[RM]	10,545.00
Units in Circulation	[Units]	10,429.00
Net Asset Value per Unit	[RM]	1.0111
Highest NAV	[RM]	1.0111
Lowest NAV	[RM]	1.0000
Total return:		
- Capital Growth	[%]	-
- Income Distribution		NIL
Total Expense Ratio (TER) <sup>1</sup>	[%]	NIL
Portfolio Turnover Ratio (PTR) <sup>2</sup>	[x]	NIL

### **ANNUAL TOTAL RETURN**

<b>MIDF Amanah LR Sukuk Fund</b>	
<b>As of 30 November</b>	<b>2024</b>
Fund's Return (%)	1.11
*Maybank's 1 month Islamic Fixed Deposit Rate (p.a. %)	2.30

\*Source : Maybank's website ([www.maybank2u.com.my](http://www.maybank2u.com.my))

### **AVERAGE ANNUAL TOTAL RETURN**

<b>As of 30 November</b>	<b>The Fund (%)</b>	<b>*Maybank's 1 month Islamic Fixed Deposit Rate (p.a. %)</b>
One Year	1.11	2.30

\*Source : Maybank's website ([www.maybank2u.com.my](http://www.maybank2u.com.my))

Average total return is derived using the following formula:

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

Yours faithfully  
MIDF Amanah Asset Management Berhad

Shan Kamahl Mohammad  
Director

Date: 31 January 2025

## **MIDF AMANAH LR SUKUK FUND**

### **Manager's Report**

The Manager has pleasure in submitting its report and the audited financial statements of the MIDF Amanah LR Sukuk Fund ("the Fund") for the financial period from 5 January 2024 (commencement date) to 30 November 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.

The Fund was launched on 15 December 2023 and commenced its operations on 5 January 2024.

### **Investments of the Fund**

The Fund is permitted to invest in Sukuk, Islamic money market instruments, Islamic deposits and any other Shariah-compliant investments as may be advised by the Shariah Adviser and agreed upon by the Manager and the Trustee from time to time that are in line with the Fund's objective.

### **Results**

	<b>RM</b>
Net income after tax	<u>116</u>

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

### **Investment Objective**

The Fund seeks to achieve capital growth by investing in Sukuk, Islamic money market instruments and Islamic deposits.

### **Management Fees**

During the financial period from 5 January 2024 (commencement date) to 30 November 2024, the Manager is not entitled to a management fee.

## **MIDF AMANAH LR SUKUK FUND**

### **Distribution**

The Fund's distribution policy will be in line with the objective of the Fund. Income distribution will be declared annually depending on the level of income (if any) generated by the Fund and at the discretion of the Manager. Distribution, if any, after deduction of taxation and expenses (i.e., net distribution) will be reinvested unless the unit holder specifically requests for distribution to be paid out to the unit holder by indicating in the purchase/switch form. The reinvestments will be based on the NAV per unit (ex-distribution) at the close of the date the income distribution is declared. Sales charge will not be imposed on the income distribution reinvestments.

During the financial period from 5 January 2024 (commencement date) to 30 November 2024, no income distribution was declared by the Fund, and no income distribution was reinvested in the Fund.

### **Unit Split**

No unit split was made during the financial period from 5 January 2024 (commencement date) to 30 November 2024.

### **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.

## **MIDF AMANAH LR SUKUK FUND**

### **Directors of the Manager**

The directors of the Manager since the beginning of the current financial period to the date of this report are:

Hasnah Omar  
Tai Keat Chai  
Hasman Yusri Yusoff  
Shan Kamahl Mohammad  
Dato' Seri Diraja Nur Julie Gwee Ariff  
Dato' Azlan bin Shahrim (Resigned w.e.f 15 July 2024)

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

**HASNAH OMAR**  
Director

**SHAN KAMAH L MOHAMMAD**  
Director

Petaling Jaya, Malaysia  
Date: 31 January 2025



## **TRUSTEE'S REPORT**

### **To the unit holders of MIDF AMANAH LR SUKUK FUND ("Fund")**

We have acted as Trustee of the Fund for the financial period from 5 January 2024 (commencement date) to 30 November 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 and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For **MAYBANK TRUSTEES BERHAD**  
**[Company No. : 196301000109 (5004-P)]**

**NORHAZLIANA MOHAMMED HASHIM**  
Head, Unit Trust & Corporate Operations  
Date: 31 January 2025

## **SHARIAH ADVISER'S REPORT**

**To the unit holders of  
MIDF AMANAH LR SUKUK FUND ("the Fund")**

We hereby confirm the following:

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

For **MBSB BANK BERHAD**

**MOHD BAHRODDIN BADRI**  
Chairman, Shariah Committee  
MBSB Bank Berhad

Date: 31 January 2025

## **MIDF AMANAH LR SUKUK FUND**

### **STATEMENT BY MANAGER**

We, Hasnah Omar and Shan Kamahl Mohammad, being two of the directors of MIDF Amanah Asset Management Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 11 to 27 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 LR Sukuk Fund as at 30 November 2024 and of its financial performance, changes in equity and cash flows for the financial period from 5 January 2024 (commencement date) to 30 November 2024.

On behalf of the Manager

**MIDF Amanah Asset Management Berhad**

**HASNAH OMAR**

Director

Petaling Jaya, Malaysia

Date: 31 January 2025

**SHAN KAMAHL MOHAMMAD**

Director

## **Independent auditors' report to the unit holders of MIDF Amanah LR Sukuk Fund**

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the financial statements of MIDF Amanah LR Sukuk Fund ("the Fund"), which comprise the statement of financial position as at 30 November 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 5 January 2024 (commencement date) to 30 November 2024, and notes to the financial statements, including material accounting policy information, as set out on pages 11 to 27.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 November 2024, and of its financial performance and cash flows for the financial period from 5 January 2024 (commencement date) to 30 November 2024 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### *Basis for opinion*

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

#### *Independence and other ethical responsibilities*

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

#### *Information other than the financial statements and auditors' report thereon*

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

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

## **Independent auditors' report to the unit holders of MIDF Amanah LR Sukuk Fund (Cont'd.)**

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

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

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

### *Responsibilities of the Manager and Trustee for the financial statements*

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

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

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

### *Auditors' responsibilities for the audit of the financial statements*

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

## **Independent auditors' report to the unit holders of MIDF Amanah LR Sukuk Fund (Cont'd.)**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Other matters**

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

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

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

Kuala Lumpur, Malaysia  
Date: 31 January 2025

**MIDF AMANAH LR SUKUK FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 5 JANUARY 2024 (COMMENCEMENT DATE) TO 30  
NOVEMBER 2024**

		<b>05.01.2024 to 30.11.2024 RM</b>
	<b>Note</b>	
<b>INVESTMENT INCOME</b>		
Profit income from Islamic deposits with financial institutions		<u>116</u> <u>116</u>
<b>EXPENSES</b>		
Manager's fee	3	-
Trustee's fee	4	<u>-</u> <u>-</u>
<b>Net income before tax</b>		116
Income tax expense	5	<u>-</u>
<b>Net income after tax representing total comprehensive income for the financial period</b>		<u>116</u>
Net income after tax is made up of the following:		
Net realised income		<u>116</u> <u>116</u>
Net distribution for the financial period		<u>-</u>
Gross distribution per unit		<u>-</u>
Net distribution per unit		<u>-</u>

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



**MIDF AMANAH LR SUKUK FUND****STATEMENT OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2024**

	<b>Note</b>	<b>2024 RM</b>
<b>ASSETS</b>		
Islamic deposits with financial institutions	7	10,000
Other receivables		16
Cash at bank		529
<b>TOTAL ASSET</b>		<b>10,545</b>
<b>LIABILITIES</b>		
Due to Manager		-
Due to Trustee		-
<b>TOTAL LIABILITIES</b>		<b>-</b>
<b>EQUITY</b>		
Unit holders' capital	9(a)	10,429
Retained earnings	9(b)	116
<b>TOTAL EQUITY REPRESENTING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS</b>	9	<b>10,545</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,545</b>
<b>UNITS IN CIRCULATION</b>	9(a)	<b>10,429</b>
<b>NAV PER UNIT, EX-DISTRIBUTION (RM)*</b>		<b>1.0111</b>

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

**MIDF AMANAH LR SUKUK FUND**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE FINANCIAL PERIOD FROM 5 JANUARY 2024 (COMMENCEMENT DATE) TO 30 NOVEMBER 2024**

	<b>Unit holders' capital Note 9(a) RM</b>	<b>Retained earnings Note 9(b) RM</b>	<b>Total equity RM</b>
As at 5 January 2024 (commencement date)	-	-	-
Total comprehensive income for the financial period	-	116	116
Creation of units	10,429	-	10,429
As at 30 November 2024	<u>10,429</u>	<u>116</u>	<u>10,545</u>

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

**MIDF AMANAH LR SUKUK FUND**

**STATEMENT OF CASH FLOWS**

**FOR THE FINANCIAL PERIOD FROM 5 JANUARY 2024 (COMMENCEMENT DATE) TO 30 NOVEMBER 2024**

		<b>05.01.2024 to 30.11.2024 RM</b>
	<b>Note</b>	
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Islamic deposits and placements with licensed banks and other financial institutions with original maturity of more than 3 months		-
Proceeds from maturity of placements		-
Income from Islamic deposit placements received		100
Manager's fee paid		-
Trustee's fee paid		-
Net cash generated from operating and investing activities		<u>100</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds for units created		10,429
Cash payment for units cancelled		-
Net cash generated from financing activities		<u>10,429</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		10,529
<b>CASH AND CASH EQUIVALENTS AT COMMENCEMENT DATE</b>		<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>		<u>10,529</u>
<b>Cash and cash equivalents comprise:</b>		
Cash at bank		529
Islamic deposits with financial institutions	7	<u>10,000</u>
		<u>10,529</u>

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

## **MIDF AMANAH LR SUKUK FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 5 JANUARY 2024 (COMMENCEMENT DATE) TO 30 NOVEMBER 2024**

#### **1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES**

MIDF Amanah LR Sukuk Fund (hereinafter referred to as "the Fund") was constituted pursuant to the execution of a Deed dated 6 July 2023 between MIDF Amanah Asset Management Berhad ("the Manager") and Maybank Trustees Berhad ("the Trustee"). The Fund was launched on 15 December 2023 and commenced operations on 5 January 2024. As stated in the Deed, the Fund's financial year ends annually on 30 November.

The Fund seeks to achieve capital growth by investing in Sukuk, Islamic money market instruments and Islamic deposits.

The principal activity of the Fund is to invest in Authorised Investments as defined in the Deed, which includes Sukuk, Islamic money market instruments, Islamic deposits and any other Shariah-compliant investment as may be advised by the Shariah Adviser and agreed upon by the Manager and the Trustee from time to time that are in line with the Fund's objective.

The Manager, MIDF Amanah Asset Management Berhad, a company incorporated in Malaysia, is a wholly-owned subsidiary of Malaysian Industrial Development Finance ("MIDF"). 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 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 31 January 2025.

#### **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.

## MIDF AMANAH LR SUKUK FUND

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 5 JANUARY 2024 (COMMENCEMENT DATE) TO 30 NOVEMBER 2024

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

##### (b) 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 121: <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026
MFRS 18: <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19: <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

##### (c) Financial assets

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

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

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

##### (i) Financial assets at FVTPL

A financial asset is measured at 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

## **MIDF AMANAH LR SUKUK FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 5 JANUARY 2024 (COMMENCEMENT DATE) TO 30 NOVEMBER 2024**

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

### **(c) Financial assets (Cont'd.)**

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

A financial asset is measured at FVTPL if (cont'd.):

- 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 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, 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.

### **(d) Impairment of financial assets**

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

## **MIDF AMANAH LR SUKUK FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 5 JANUARY 2024 (COMMENCEMENT DATE) TO 30 NOVEMBER 2024**

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

##### **(d) Impairment of financial assets (Cont'd.)**

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.

##### **(e) Classification of realised and unrealised gains and losses**

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

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

##### **(f) Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

The Fund's financial liabilities which include other payables 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.

##### **(g) 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*.

## **MIDF AMANAH LR SUKUK FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 5 JANUARY 2024 (COMMENCEMENT DATE) TO 30 NOVEMBER 2024**

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

##### **(h) Dividend distribution**

Dividend distributions are at the discretion of the Fund. A dividend distribution to the Fund's unit holders is accounted for as a deduction from realised reserves except where dividend is sourced out of distribution equalisation which is accounted for as a deduction from unit holders' capital. A proposed dividend is recognised as a liability in the period in which it is approved.

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) 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.

##### **(j) Income**

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

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

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

##### **(k) Income tax**

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

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

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



## **MIDF AMANAH LR SUKUK FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 5 JANUARY 2024 (COMMENCEMENT DATE) TO 30 NOVEMBER 2024**

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

##### **(l) Segment reporting**

For management purposes, the Fund is managed by two main portfolios, namely (1) Quated 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 the segment.

##### **(m) 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 is entitled to an annual management fee of up to 0.80% per annum of the NAV of the Fund, before deducting annual management fee and trustee fee for the day, calculated and accrued on a daily basis. The Manager did not charge any fee for the financial period.

#### **4. TRUSTEE'S FEE, AUDITOR'S REMUNERATION, TAX AGENT'S FEE AND OTHER ADMINISTRATION EXPENSES**

The Trustee is entitled to an annual trustee fee of up to 0.035% per annum of the NAV of the Fund, before deducting annual management fee and annual trustee fee for the day, calculated and accrued on a daily basis.

The Trustee's fee, auditors' remuneration, tax agent's fee and certain other administration expenses for the current financial period are borne by the Manager.

## **MIDF AMANAH LR SUKUK FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 5 JANUARY 2024 (COMMENCEMENT DATE) TO 30 NOVEMBER 2024**

#### **5. INCOME TAX EXPENSE**

**05.01.2024  
to  
30.11.2024  
RM**

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

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

#### **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**

**2024  
RM**

Islamic deposits with licensed Islamic banks	10,000
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The effective average profit rate for short-term Islamic placements is 2.30% per annum. The average remaining maturity of the deposits is 3 days.

#### **8. SHARIAH INFORMATION OF THE FUND**

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

## MIDF AMANAH LR SUKUK FUND

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 5 JANUARY 2024 (COMMENCEMENT DATE) TO 30 NOVEMBER 2024

#### 9. TOTAL EQUITY

		2024 RM
Unit holders' capital	(a)	10,429
Retained earnings:		
- Realised and distributable	(b)	116
Total equity		<u>10,545</u>

##### (a) Unit holder's capital

	2024 No. of units	RM
As at beginning of the financial period	-	-
Creation of units	10,429	10,429
As at the end of the financial period	<u>10,429</u>	<u>10,429</u>

##### (b) Realised and distributable

	2024 RM
As at the beginning of the financial period	-
Total comprehensive income for the financial period	116
As at the end of the financial year	<u>116</u>

#### 10. UNITS HELD BY MANAGER

For the financial period from 5 January 2024 (commencement date) to 30 November 2024, no units were held by the Manager.

## **MIDF AMANAH LR SUKUK FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 5 JANUARY 2024 (COMMENCEMENT DATE) TO 30 NOVEMBER 2024**

#### **11. TRANSACTIONS WITH FINANCIAL INSTITUTIONS**

Details of transaction, primarily deposits with licensed financial institutions for the financial year ended 30 November 2024 are as follows:

	<b>Value of placements RM</b>	<b>% of total placements %</b>
<b>05.01.2024 to 30.11.2024</b>		
Maybank Islamic Bank Berhad	10,000.00	100%

#### **12. TRANSACTIONS WITH FINANCIAL INSTITUTIONS**

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 and Trustee's fee. The Fund's TER is Nil for the financial period.

#### **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 period to the average NAV of the Fund. The Fund's PTR is Nil for the financial period.

#### **14. SEGMENTAL REPORTING**

##### **Business and geographical segments**

As the Fund has no investment during the current financial period, disclosure by business and geographical segments is not relevant.

## **MIDF AMANAH LR SUKUK FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 5 JANUARY 2024 (COMMENCEMENT DATE) TO 30 NOVEMBER 2024**

#### **15. 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.

#### **16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES**

##### **(a) Introduction**

The Fund maintains investment portfolios in Islamic deposits, Islamic money market instruments, short-term Sukuk 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.

## **MIDF AMANAH LR SUKUK FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 5 JANUARY 2024 (COMMENCEMENT DATE) TO 30 NOVEMBER 2024**

#### **16. 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 financial period, the Fund's policy that no derivatives shall be undertaken for either investment risk management purposes or for trading.

##### **(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.

## MIDF AMANAH LR SUKUK FUND

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 5 JANUARY 2024 (COMMENCEMENT DATE) TO 30 NOVEMBER 2024

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

##### (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.

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.

## **MIDF AMANAH LR SUKUK FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 5 JANUARY 2024 (COMMENCEMENT DATE) TO 30 NOVEMBER 2024**

#### **16. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**

##### **(g) Liquidity risk (Cont'd.)**

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.

#### **17. CAPITAL MANAGEMENT**

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund's approved fund size and units in issue at the end of the financial period are disclosed in Note 8(a).

The Fund's objectives for managing capital are:

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

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

#### **18. COMPARATIVES**

The financial statements are for the financial period from 5 January 2024 (commencement date) to 30 November 2024. There are no comparative figures as this is the Fund's first set of financial statements.



## CORPORATE INFORMATION

<b>MANAGER</b>	MIDF Amanah Asset Management Berhad (Registration No.: 197201000162 (11804-D))
<b>REGISTERED OFFICE</b>	Level 25, Menara MBSB Bank, PJ Sentral Lot 12, Persiaran Barat, Seksyen 52 46200 Petaling Jaya, Selangor Tel: 03 – 2173 8888
<b>BUSINESS OFFICE</b>	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: <a href="mailto:_midfamanah@midf.com.my">_midfamanah@midf.com.my</a> Website: <a href="http://www.midf.com.my/index.php/en/what-we-do-en/asset-management">www.midf.com.my/index.php/en/what-we-do-en/asset-management</a>
<b>TRUSTEE</b>	AmanahRaya Trustee Berhad (Registration No.: 200701008892 (0766894-T)) Level 8, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur
<b>BOARD OF DIRECTORS</b>	Hasnah Omar – Chairman Tai Keat Chai Hasman Yusri Yusoff Shan Kamahl Mohammad Dato' Azlan Shahrim (resigned w.e.f 15 July 2024) Dato' Seri Diraja Nur Julie Gwee Ariff
<b>OVERSIGHT COMMITTEE MEMBERS</b>	Hasman Yusri Yusoff - Chairman Tai Keat Chai Sheikh Shahrudin Sheikh Salim
<b>BOARD AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS</b>	Tai Keat Chai – Chairman Hasman Yusri Yusoff Dato' Seri Diraja Nur Julie Gwee Ariff (appointed effective 1 February 2024)
<b>COMPANY SECRETARY</b>	Nor Azita Sarip (MAICSA 7048861) Nor'adilah Mohd Arshad (LS 10098)
<b>AUDITOR</b>	Ernst & Young PLT Level 23A, Menara Milenium, Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
<b>TAX ADVISER</b>	Ernst & Young Tax Consultants Sdn Bhd Level 23A, Menara Milenium, Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
<b>SHARIAH ADVISER</b>	MBSB Bank Berhad (Registration No.: 200501033981 (716122-P)) Level 25, Menara MBSB Bank, PJ Sentral Lot 12, Persiaran Barat, Seksyen 52 46200 Petaling Jaya, Selangor
<b>PRINCIPAL BANKERS</b>	Maybank Islamic Berhad (Registration No.: 200701029411 (0787435M)) Menara Maybank, Jalan Tun Perak, 50050 Kuala Lumpur  OCBC Al-Amin Bank Berhad (Registration No.: 200801017151 (818444-T)) 18th Floor, Menara OCBC 18 Jalan Tun Perak 50050 Kuala Lumpur