



# abrdn Islamic World Equity Fund

## Annual Report

30 June 2023

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## FUND INFORMATION

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<b>Name of Fund</b>	abrdn Islamic World Equity Fund
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<b>Fund Category / Type</b>	Equity (Islamic) / Growth
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<b>Fund Objective</b>	The Fund seeks to achieve capital appreciation in the long term through investments in Shariah-compliant equities and equity-related securities.
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<b>Fund Benchmark</b>	MSCI ACWI Islamic (Shariah) Index
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<b>Fund Income Distribution Policy</b>	As the investment objective of the Fund is to provide capital appreciation, distribution of income, if any, is incidental.
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## FUND PERFORMANCE DATA

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Sector Allocation	30.06.2023 %	30.06.2022 %	30.06.2021 %
<b>Shariah-Compliant Equities</b>			
Consumer Discretionary	8.46	0.00	1.36
Consumer Products	0.00	14.55	21.25
Consumer Staples	9.14	0.00	0.00
Energy	0.51	0.00	0.00
Healthcare	28.25	30.67	25.56
Industrials	18.83	13.70	11.20
Industrial products	0.00	3.55	3.61
Information Technology	17.41	20.73	23.07
Materials	8.22	7.01	5.74
Telecommunication Services	2.17	0.00	0.00
Real Estate	5.24	5.81	4.30
Others	0.46	1.60	1.27
<b>Cash</b>	<b>1.31</b>	<b>2.38</b>	<b>2.64</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Country Allocation	30.06.2023 %	30.06.2022 %	30.06.2021 %
Australia	6.98	7.28	8.11
Brazil	0.00	0.00	0.00
Canada	0.00	0.00	0.00
China	1.68	0.00	1.51
Denmark	4.48	3.07	3.17
France	8.93	8.02	5.49
Germany	2.89	2.72	0.00
Hong Kong	0.00	1.97	0.00
Indonesia	1.02	1.04	1.14
India	3.73	4.00	3.99
Ireland	0.00	2.37	2.85
Italy	2.49	0.00	2.80
Japan	1.64	1.57	1.02
Korea	2.44	1.87	1.78
Netherlands	5.21	4.98	4.58
New Zealand	1.66	3.00	3.79
Mexico	0.00	0.00	1.28
Singapore	1.76	0.00	0.00
South Africa	1.13	0.00	0.00
Spain	0.00	0.00	1.36
Sweden	4.15	3.55	3.60
Switzerland	5.36	6.50	11.60
Taiwan	0.00	0.00	3.98
Turkey	0.00	0.00	0.00
United Kingdom	8.21	11.55	7.85
United States	34.93	34.14	30.15
<b>Cash</b>	<b>1.31</b>	<b>2.37</b>	<b>2.79</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## FUND PERFORMANCE DATA (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	2023	2022	2021
	A Class- MYR	A Class- MYR	A Class- MYR
Total NAV (RM' million)	669.508	530.943	361.422
NAV per unit (RM)	2.4278	1.9168	2.3314
Unit in Circulation (million)	275.770	276.996	155.024
Highest NAV per Unit (RM)	2.4278	2.6074	2.3518
Lowest NAV per Unit (RM)	1.8656	1.8461	1.7698
Return of the Fund (%)	26.6590	-17.7833	32.0308
- Capital Return (%)	26.6590	-17.7833	32.0308
- Income Return (%)	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil
Total Expense Ratio (TER) (%)	1.82	1.82	1.85
Portfolio Turnover Ratio (PTR) (times)	0.21	0.59	0.33

**Source:** Citibank Bhd

### Class A- MYR

Average Total Return	1 years 30.06.2022 to 30.06.2023 (%)	3 years (annualised) 30.06.2020 to 30.06.2023 (%)	5 years (annualised) 30.06.2018 to 30.06.2023 (%)
Fund	26.66	37.49	55.70

**Source:** Lipper for Investment Management as at 30 June 2023

Annual Total Return	1 year 30.06.2022 to 30.06.2023 (%)	1 year 30.06.2021 to 30.06.2022 (%)	1 year 30.06.2020 to 30.06.2021 (%)	1 year 30.06.2019 to 30.06.2020 (%)	1 year 30.06.2018 to 30.06.2019 (%)
Fund	26.66	(17.78)	32.03	7.81	5.04

**Source:** Lipper for Investment Management as at 30 June 2023

**FUND PERFORMANCE DATA (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

**Basis of calculation and assumption made in calculating the returns**

The performance figures are a comparison of the growth/decline in NAV for the stipulated period, taking into account all the distributions payable (if any) during the stipulated period.

An illustration of the above would be as follows:

Capital Return	=	NAV per Unit End / NAV per Unit Begin - 1
Income Return	=	Income Distribution per Unit / NAV per Unit Ex-Date
Total Return	=	Capital Return x Income Return - 1

**Class A- MYR**

Capital Return	=	$\{NAV \text{ per Unit @ } 30/06/2023 \div NAV \text{ per Unit @ } 30/06/2022 - 1\} \times 100$
	=	$\{2.4278 \div 1.9168 - 1\} \times 100$
	=	<b><u>26.6590%</u></b>
Total Income Return	=	$\{Income \text{ Distribution per Unit } \div NAV \text{ per Unit Ex-Distribution}\} \times 100$
	=	<b><u>Nil</u></b>
Return of the Fund	=	$[\{(1 + Capital \text{ Return}) \times (1 + Income \text{ Return})\} - 1] \times 100$
	=	$[\{(1 + 26.6590\%) \times (1 + 0\%) - 1\} \times 100$
	=	<b><u>26.6590%</u></b>

**Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.**

## MANAGER'S REPORT

### Fund Performance

The abrdn Islamic World Equity Fund returned 26.66% in Malaysian ringgit terms over the year, compared with the 27.03% total return of its benchmark, the MSCI AC World Islamic Index.

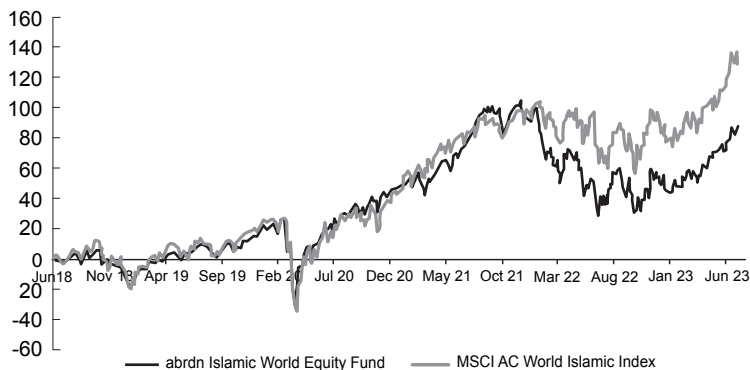
Given the performance during the year under review, we believe the Fund's objective is being met to provide investors with capital appreciation through long term investments in Shariah-compliant equities.

#### Class A- MYR

Income Return %	Capital Return %	Total Return of Fund %	Total Return of Benchmark %
0.00	26.66	26.66	27.03

### Fund Performance (Continued)

#### FUND RETURN (LAST 5 FINANCIAL PERIOD) VS BENCHMARK



**Benchmark:** MSCI ACWI Islamic (Shariah) Index

**Source:** Lipper for Investment Management as at 30 June 2023

#### **Note:**

This information is prepared by abrdn Islamic Malaysia Sdn Bhd for information purposes only. Past performance of the Fund is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

## MANAGER'S REPORT (CONTINUED)

### Analysis of Fund Performance

The Fund's outperformance was mainly due to solid stock selection, primarily in Europe. By sector, our industrials, healthcare and technology holdings were the top performers.

**Manhattan Associates** was the top performer over the year. The shares were underpinned by improving profitability, strong cash flows and its robust balance sheet. It posted better-than-expected results during the year as it benefited from a strong product cycle and the willingness of enterprises to invest in supply chain software. Semiconductor-related stocks such as **VAT Group** and **ASML** performed well following a positive update from Nvidia that spurred excitement around artificial intelligence. The semiconductor sector had suffered share price declines throughout much of 2022 on the back of concerns over waning global demand. However, later in the year, macroeconomic conditions eased and investors saw the potential for a turnaround in the semiconductor cycle. **Atlas Copco** announced positive results supported by demand for compressors. This gave investors greater confidence that earnings would prove resilient through the weaker economic environment.

On the negative side, **Target** had a difficult 12 months compared to previous years, which led to bloated inventory and below target same-store-sales. **China Resources Land** saw its shares weaken along with the wider Chinese property sector amidst unrest and subsequent mortgage payment boycotts over unfinished residential properties. **ACE Hardware** reported results that missed consensus expectations as the challenging consumer environment impacted sales growth. Elsewhere, our underweight position in **Microsoft** weighed on relative returns. Its shares outperformed the market as it announced strong results that showed strength in artificial intelligence and robust growth from the other major segments of the company.

In portfolio activity, we introduced the following stocks:

- **Singapore Telecommunications.** This increased the defensive exposure. The company enjoyed a strong sustainable competitive advantage with an established brand, economies of scale and robust financials.
- **Novo Nordisk**, following its inclusion to the Islamic benchmark. It had a leading position within diabetes care and an attractive pipeline of opportunities.
- **Ferrari**, the Shariah-compliant luxury car designer and manufacture. It enjoyed high order book visibility and the enviable position of demand exceeding supply. It also boasted low leverage and attractive cash flow generation.
- **Clicks**, a South African pharmacy operator. It had a solid, net cash balance sheet and a track record of consistent organic sales growth and earnings stability alongside an attractive return on equity.
- **Microsoft**, following its inclusion to the Islamic index. Microsoft maintained its strength within enterprise software and cloud computing. Its core business provided highly recurring revenue streams across a wide customer base, offering a greater level of resilience.
- US-listed pharmaceutical, **Merck**. We saw upside opportunity as capacity increased and its pipeline looked attractive.
- Integrated energy major, **TotalEnergies**. We were attracted by its relative valuation, particularly versus its US peers, the soundness of its balance sheet, its investment strategy and its commitment to shareholder returns.

## MANAGER'S REPORT (CONTINUED)

### Analysis of Fund Performance

- **Kering**, the French listed luxury brands company. It had a new creative leadership and we expected it to benefit as sales in China normalised.
- US-based medical equipment business, **Boston Scientific**. We were attracted by its diversified portfolio of products and its strong pipeline.
- **Telkom Indonesia**. The company expanded its network coverage and quality of service. We were also attracted to the solid balance sheet and dividend yield.

Against these, we divested the following holdings:

- Tecan, as active coverage was discontinued.
- Fisher and Paykel Healthcare, on the back of a lack of sales visibility. We built our position in ResMed instead.
- Orsted, the Danish offshore windfarm developer, because of uncertainty over value creation, particularly within its US offshore projects and pipeline.
- Novartis and ANSYS, on the back of share price strength.

### Market Review

Global equity markets rose in aggregate over the year, including in the UK and the US. European markets were also broadly positive, while China performed negatively. At the start of the year, global equity markets performed poorly. However, they rebounded in the final quarter of 2022. European stocks performed well, while US and Asian stocks also recovered ground. Chinese shares surged after the Chinese government decided to relax its 'zero-Covid' policy. Global equities performed positively in the first quarter of 2023, despite tremors in the banking sector after the collapse of two regional US banks and Credit Suisse's forced sale to UBS. European stocks performed well as worries over energy supplies and costs eased. US, Japanese, Chinese and Asia excluding Japan markets also recorded solid gains. Growth stocks rose sharply, reflected in the performance of the technology-dominated NASDAQ Composite Index. Global equity markets ended the year higher. After protracted negotiations, an agreement to suspend the US debt ceiling until January 2025 was reached. Headline annual inflation in most developed economies continued to ease. Although the number of future interest-rate hikes could now be limited, central banks remain determined to lower inflation.

### Investment Strategy

As bottom-up stock pickers, our asset allocation is a default and the sum of the individual companies, rather than being driven by top-down allocation. We are looking to manage portfolios that are concentrated, but also diversified in terms of our holdings' businesses. As a result, the top-down views from a geographical and sector perspective do not provide true visibility of the diversification of the portfolio.

Pertaining to the current country weightings, the overweight to France is due to the investments in Kering, L'Oréal, Sanofi, Schneider Electric and TotalEnergies. We also have an overweight exposure to the UK, due to the holdings in AstraZeneca, Croda, Dechra Pharmaceuticals and Spirax-Sarco Engineering.

Against these, we are underweight to the US. Having said that, we hold several US stocks, including consumer goods giant Procter & Gamble, sportswear brand Lululemon Athletica, and pharmaceutical company Pfizer, among others.

## MANAGER'S REPORT (CONTINUED)

### Investment Strategy

By sector, we like companies in industrials, such as Schneider Electric and Swiss vacuum valve producer VAT Group. Conversely, we are underweight to the energy and technology sectors, as there are more attractive investment ideas in other sectors.

### Outlook

High energy prices, geopolitical tensions, the cost-of-living crisis and rising interest rates still prevail in many parts of the world and will likely be around for some time. While markets continue to move higher in many areas, in the United States in particular, it is a very narrow handful of stocks that are driving the market. Against such a challenging backdrop, the portfolio will remain diversified, defensive and focused on businesses best positioned to manage financial pressures through to times of greater market stability. Periods of market weakness, when they occur, represent an opportunity for the long-term investor. We reiterate the importance of a diversified portfolio, with a 'bottom-up' investment approach focused on quality characteristics.

### Analysis of fund Performance

Share Class A - MYR	30.06.2023 %	30.06.2022 %	Change %
NAV (RM Million)	669.508	530.94	26.10
NAV/Unit (RM)	2.4278	1.9168	26.66

The fund's NAV increased by 26.10% to 669.508 million as at 30 Jun 2023. While, the NAV per unit increased by 26.66% during the year.

### Asset Allocation

	As at 30.06.2023 %	As at 30.06.2022 %	As at 30.06.2021 %
Shariah-Compliant Equities	98.69	96.99	97.21
Cash	1.31	3.01	2.79
<b>Total</b>	100.00	100.00	100.00

### Distribution/ Unit Split

No distribution or unit split was declared for the financial year ended 30 June 2023.

### State of Affairs of the Fund

There has been no significant change to the state of affairs of the Fund, nor any circumstances that materially affected any interests of the unitholders during the year under review.

### Cross trade transactions

No cross trade transactions have been carried out during the reported year, and this has been reviewed by the oversight function.

## MANAGER'S REPORT (CONTINUED)

### **Soft Commissions**

Soft commissions received from brokers or dealers are retained by the management company only if the goods and services provided are of demonstrable benefit to unitholders of the Fund as per requirements of Clause 11.20 and 9.21 of the Guidelines on Unit Trust Funds.

During the year under review, the Manager and its delegates (if any) did not receive any soft commissions from stockbrokers or dealers.

### **Securities financing transactions**

The fund has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		RM	RM
<b>SHARIAH-COMPLIANT NET INVESTMENT INCOME /(LOSS)</b>			
Dividend income		10,091,597	6,912,390
Other income		7,354	44,756
Net gain /(loss) on financial assets at fair value through profit or loss (Shariah-compliant)	7	148,937,993	(112,795,325)
Net loss on foreign currency exchange		(2,243,001)	(4,059,324)
		<u>156,793,943</u>	<u>(109,897,503)</u>
<b>EXPENSES</b>			
Management fee	4	10,356,981	9,134,031
Trustee's and custodian fees	5	316,515	285,134
Audit fee		9,300	8,300
Tax agent's fee		27,119	13,458
Transaction costs		216,909	592,251
Payment to charitable bodies		543,982	0
Other expenses		2,040,684	1,392,780
		<u>13,511,487</u>	<u>11,425,954</u>
<b>NET PROFIT /(LOSS) BEFORE TAXATION</b>		143,282,456	(121,323,457)
Taxation	6	<u>(53,606)</u>	-
<b>NET INCREASE /(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>143,228,850</u>	<u>(121,323,457)</u>
Net increase /(decrease) in net assets attributable to unit holders in made up as follows:			
Realised amount		288,526,195	21,713,666
Unrealised amount		(145,297,345)	(143,037,123)
		<u>143,228,850</u>	<u>(121,323,457)</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	2023 RM	2022 RM
<b>ASSETS</b>			
Cash and cash equivalents	8	10,003,349	10,459,257
Financial assets at fair value through profit or loss (Shariah-compliant)	7	657,598,634	518,316,944
Amount due from Manager			
- Creation of units		5,753,315	4,162,240
Dividends receivable		1,109,784	921,286
<b>TOTAL ASSETS</b>		<b>674,465,082</b>	<b>533,859,727</b>
<b>LIABILITIES</b>			
Amount due to Manager			
- Management fee		2,772,827	1,577,232
- Cancellation of units		2,125,072	1,294,430
Amount due to Trustee		21,490	17,509
Other payables and accruals		37,776	27,416
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<b>4,957,165</b>	<b>2,916,587</b>
<b>NET ASSET VALUE OF THE FUND</b>		<b>669,507,917</b>	<b>530,943,140</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>669,507,917</b>	<b>530,943,140</b>
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS</b>			
- CLASS A - MYR		669,507,917	530,943,140
- CLASS A - USD		-	-
- CLASS A - SGD		-	-
- CLASS A - AUD		-	-
- CLASS I - MYR		-	-
		<b>669,507,917</b>	<b>530,943,140</b>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>			
- CLASS A - MYR	10 (a)	275,770,360	276,996,260
- CLASS A - USD	10 (b)	-	-
- CLASS A - SGD	10 (c)	-	-
- CLASS A - AUD	10 (d)	-	-
- CLASS I - MYR	10 (e)	-	-

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023 (CONTINUED)

Note	2023	2022
	RM	RM
<b>NAV PER UNIT (RM)</b>		
- CLASS A - MYR	2.4278	1.9168
- CLASS A - USD	-	-
- CLASS A - SGD	-	-
- CLASS A - AUD	-	-
- CLASS I - MYR	-	-
	<hr/>	<hr/>
<b>NAV PER UNIT (RM)</b>		
- CLASS A - MYR	RM 2.4278	RM 1.9168
- CLASS A - USD	-	-
- CLASS A - SGD	-	-
- CLASS A - AUD	-	-
- CLASS I - MYR	-	-
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The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	2023	2022
	RM	RM
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	530,943,140	361,421,972
Movement due to units created and cancelled during the financial year:		
Creation of units arising from applications	121,079,044	428,297,109
Cancellation of units	(125,743,117)	(137,452,484)
	<u>(4,664,073)</u>	<u>290,844,625</u>
Net increase /(decrease) in net assets attributable to unitholders during the financial year:	<u>143,228,850</u>	<u>(121,323,457)</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR</b>	<u><u>669,507,917</u></u>	<u><u>530,943,140</u></u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of Shariah-compliant investments		156,507,217	167,115,240
Purchase of Shariah-compliant investments		(146,850,915)	(446,933,388)
Dividends received		9,903,099	6,549,976
Other income received		7,354	44,756
Management fee paid		(9,161,385)	(8,062,653)
Trustee's fee paid		(232,748)	(202,832)
Payment for other fees and expenses		(2,363,434)	(1,483,649)
Payment to charitable bodies		(543,982)	0
Net realised foreign exchange loss		(1,833,673)	(4,096,586)
Tax Paid		(53,606)	
Proceeds from capital repayment		-	-
Net cash used in operating activities		4,968,599	(287,069,136)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		119,487,969	431,938,818
Payments for cancellation of units		(124,912,476)	(139,651,125)
Net cash generated from financing activities		(5,424,507)	292,287,693
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(455,908)</b>	<b>5,218,557</b>
<b>EFFECT ON FOREIGN CURRENCY EXCHANGE</b>		<b>(409,328)</b>	<b>37,262</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>10,459,257</b>	<b>5,203,438</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	8	<b>10,003,349</b>	<b>10,459,257</b>
Cash and cash equivalent comprise of:			
Bank balances	8	10,003,349	10,459,257

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

#### A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, except as disclosed in the summary of significant accounting policies and comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards ("MFRS").

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial period. It also requires the Manager to exercise its judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement are based on the Manager's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note L.

(a) Standards, amendments to published standards and interpretations that are effective:

- Annual Improvements to MFRS 9 "Fees in the '10 per cent' Test for Derecognition of Financial Liabilities. When entities restructure their loans with the existing lenders, MFRS 9 requires management to quantitatively assess the significance of the difference between cash flows of the existing and new loans (commonly known as the '10% test'). This amendment to MFRS 9 clarifies that only fees paid or received between the borrower and the lender are included in the 10% test. Any fees paid to third parties should be excluded. This amendment will impact the result of the 10% test and accordingly affect the amount of gain or loss recognised in profit or loss. An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment
- Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract. The amendments clarify that direct cost of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The amendments shall be applied to contracts for which the entity has yet to fulfil all its obligations at the beginning of annual reporting period in which the amendments are first applied. Comparative information is not restated.

The adoption of the above standards, amendments to standards or interpretations did not have a material effect on the financial statements of the Fund.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

#### A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) The standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

i. Financial period beginning on/ after 1 July 2023

- Amendments to MFRS 101 - Classification of liabilities as current or non-current. The narrow-scope amendments to MFRS 101 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what MFRS 101 means when it refers to the 'settlement' of a liability.
- The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors.

ii. Financial period beginning on/after 1 July 2024

- Amendments to MFRS 101 - Classification of liabilities as current or non-current (effective 1 January 2024) clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 'Financial Instruments: Presentation' does not impact the current or non-current classification of the convertible instrument.

The amendments shall be applied retrospectively.

- Amendments to MFRS 101 – Non-current liabilities with covenants (effective 1 January 2024) specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of liability as current or non-current, even if the covenant is only assessed after the reporting date.

The amendments shall be applied retrospectively.

The Fund will apply these standards when effective. These standards are not expected to have a significant impact on the Fund's financial statements.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)**

#### **B. INCOME RECOGNITION**

Profit income from Islamic deposits placed with licensed financial institutions is recognised on a time proportionate basis using the effective profit rate method on an accrual basis.

Profit income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Dividend income is recognised on the ex-dividend date, when the right to receive the dividend has been established.

Realised gains and losses on sale of quoted Shariah-compliant investments are accounted for as the difference between the net disposal proceeds and the carrying amount of Shariah-compliant investments, determined on a weighted average cost basis.

Shariah non-compliant investments will be disposed-off the soonest practical. In the event the investment resulted in gain (through capital gain and/or dividend), the gain is to be channelled to baitulmal or any other charitable bodies as advised by the Shariah Adviser and approved by the Trustee. If the disposal of the investment resulted in losses to the Funds, the losses are to be borne by the Manager. The amount is recognised as an expense in profit or loss.

#### **C TRANSACTION COSTS**

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the profit or loss as expenses.

#### **D. TAXATION**

Current tax expense is determined according to the Malaysian tax laws at the current rate based on the taxable profit earned during the financial year.

Tax on investment income from foreign investments are based on the tax regime of the respective countries that the Fund invests in.

Withholding tax on investment income from foreign investment are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised, measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

#### **E. FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional and presentation currency.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)**

#### **F. FOREIGN CURRENCY TRANSLATION**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

#### **G. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

##### **(i) Classification**

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost

The Fund classifies its Shariah-compliant investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate quoted Shariah-compliant equities as fair value through other comprehensive income.

The contractual cash flows of the Fund's sukuk are solely payments of principal and profit ("SPPI"). However, these quoted Shariah-compliant equities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### G. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

#### (i) Classification (continued)

The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from Manager and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows that represent SPPI.

The Fund classifies amount due to Manager, amount due to Trustee and other payables and accruals as financial liabilities measured at amortised cost.

The contractual cash flows of the Fund's sukuk are solely payments of principal and profit ("SPPI"). However, these quoted Shariah-compliant equities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from Manager and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows that represent SPPI.

The Fund classifies amount due to Manager, amount due to Trustee and other payables and accruals as other financial liabilities measured at amortised cost.

#### (ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-dates, the date on which the Fund commits to purchase or sell the asset. Shariah-compliant investments are initially recognised at fair value. Transaction costs are expensed in the profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the Shariah-compliant investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities 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 derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category including the effects of foreign transactions are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit and loss in the financial year which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in profit and loss as part of gross dividend income when the Fund's right to receive payments is established.

Quoted Shariah-compliant securities are valued at the last done market price quoted on Bursa Malaysia Securities Bhd ("Bursa Securities") at the date of the statement of financial position.

Foreign quoted Shariah-compliant securities are valued at the last traded market price quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### G. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

#### (ii) Recognition and measurement (continued)

If a valuation based on the market price does not represent the fair value of the quoted Shariah-compliant securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the quoted Shariah-compliant securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the quoted Shariah-compliant securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

Islamic deposits with licensed Islamic financial institutions are stated at cost plus accrued profit calculated on the effective profit method over the period from the date of placement to the date of maturity of the respective Islamic deposits.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective profit method.

#### (iii) Impairment

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these Shariah-compliant instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

#### Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

#### Definition of default and credit-impaired financial assets

The Fund defines a financial instrument as default, which is truly aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

#### Quantitative criteria:

Any contractual payment which is more than 90 days past due is considered credit impaired.

#### Qualitative criteria:

The debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Fund considers the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtors' financial difficulty;
- it is becoming probable that debtor will enter bankruptcy or other financial reorganisation;
- the debtor is insolvent

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

#### G. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Financial instruments that are credit-impaired are assessed on individual basis.

##### Write-off

The Fund write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

#### H. AMOUNT DUE FROM/TO STOCKBROKERS

Amount due from and amount due to stockbrokers represent receivables for Shariah-compliant securities sold and payables for Shariah-compliant securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from the stockbrokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses.

Significant financial difficulties of the broker, probability that the stockbrokers will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, profit income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

#### I. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### J. CREATION AND CANCELLATION OF UNITS

The unit holders' capital of the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in two classes of units, known respectively as Class A, targeted at retail investors and Class I, targeted at institutional investors, which are cancelled at the unit holder's option and do not have identical features. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value ("NAV") of respective classes. The outstanding units are carried at the redemption amount that is payable at the statement of financial position if the unit holder exercises the right to put back the unit to the Fund.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### J. CREATION AND CANCELLATION OF UNITS

Each class of units are also offered in different currency denominations, i.e. Ringgit Malaysia, United States Dollars, Singapore Dollars and Australian Dollars. The United States Dollars, Singapore Dollars and Australian Dollars denominated classes are not offered for sale for the financial year ended 30 June 2023 and 30 June 2022.

Units are created and cancelled at the unit holder's option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unit holders of respective classes with the total number of outstanding units of respective classes.

### K. INCREASE/DECREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

Profit not distributed is included in net assets attributable to unit holders.

### L. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the statement of financial position.

### M. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgments are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission's ("SC") Guidelines on Unit Trust Funds.

#### Functional currency

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in RM primarily due to the following factors:

- Part of the Fund's cash is denominated in RM for the purpose of making settlement of the creation and cancellation.
- The Fund's units are denominated in RM.
- The Fund's significant expenses are denominated in RM.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

### **1. INFORMATION ON THE FUND**

The Fund was constituted under the name of Aberdeen Standard Islamic World Equity Fund (the "Fund") pursuant to the execution of a Deed dated 10 September 2012 as amended by the Supplemental Deed dated 11 March 2013, Second Supplemental Deed dated 27 March 2015, Third Supplemental Deed dated 16 October 2015, Fourth Supplemental Deed dated 13 November 2018 and Fifth Supplemental Deed dated 5 October 2020 was entered into between Aberdeen Standard Islamic Investments (Malaysia) Sdn Bhd (the "Manager") and CIMB Islamic Trustee Berhad (the "Trustee") in relation to the change of trustee. During the period, Sixth Supplemental Deed dated 23 February 2022 (collectively referred to as the "Deeds") was entered in relation to the change of fund's name from Aberdeen Standard Islamic World Equity Fund to abrdn Islamic World Equity Fund w.e.f 1<sup>st</sup> April 2022 and manager's name from Aberdeen Standard Islamic Investments (Malaysia) Sdn. Bhd. to abrdn Islamic Malaysia Sdn. Bhd.

The Fund seeks to achieve capital appreciation in the long term through investments in Shariah-compliant equities and equity related securities. The Fund is a multi-class Fund which offers Class A, targeted at retail investors and Class I, targeted at institutional investors. Each class of units are also offered in different currency denominations, i.e. Ringgit Malaysia, United States Dollars, Singapore Dollars and Australian Dollars. The United States Dollars, Singapore Dollars and Australian Dollars denominated classes are not offered for sale for the financial year ended 30 June 2023.

All investments will be subjected to the Securities Commission ("SC")'s Guidelines on Unit Trust Funds, SC's requirements, the Deeds approved and the objective of the Fund, except where exemptions or variations have been approved by SC, internal policies and procedures and the Fund's objective.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of Unit Trust Funds

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

The Fund is exposed to a variety of risks which include market risk (including price risk and currency risk), credit risk, liquidity risk, non-compliance risk, reclassification of Shariah status risk and capital risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the prospectus and the SC's Guidelines on Unit Trust Funds.

Financial instruments of the Fund are as follows:

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 20233 (CONTINUED)

#### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

	Note	At amortised cost	At fair value through profit or loss	Total
		RM	RM	RM
<b>2023</b>				
<u>Financial assets</u>				
Cash and cash equivalents	8	10,003,349	-	10,003,349
Quoted Shariah-compliant securities	7	-	657,598,634	657,598,634
Amount due from Manager		5,753,315	-	5,753,315
Dividends receivable		1,109,784	-	1,109,784
		<u>16,866,448</u>	<u>657,598,634</u>	<u>674,465,082</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- Management fee		2,772,827	-	2,772,827
- Cancellation of units		2,125,072	-	2,125,072
Amount due to Trustee		21,490	-	21,490
Other payables and accruals		37,776	-	37,776
		<u>4,957,165</u>	<u>-</u>	<u>4,957,165</u>
<b>2022</b>				
<u>Financial assets</u>				
Cash and cash equivalents	8	10,459,257	-	10,459,257
Quoted Shariah-compliant securities	7	-	518,316,944	518,316,944
Amount due from Manager		4,162,240	-	4,162,240
Dividends receivable		921,286	-	921,286
		<u>15,542,783</u>	<u>518,316,944</u>	<u>533,859,727</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- Management fee		1,577,232	-	1,577,232
- Cancellation of units		1,294,430	-	1,294,430
Amount due to Trustee		17,509	-	17,509
Other payables and accruals		27,416	-	27,416
		<u>2,916,587</u>	<u>-</u>	<u>2,916,587</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

#### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Market risk

##### (i) Price risk

Price risk arises mainly due to uncertainty on the future prices of Shariah-compliant investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

The table below shows the financial instruments of the Fund which are exposed to price risk.

	2023 RM	2022 RM
Quoted Shariah-compliant securities designated at fair value through profit or loss	657,598,634	518,316,944

The following table summarises the sensitivity of the Fund's net asset value (NAV) and profit after taxation to movements in prices of investments at the end of the reporting year. The analysis is based on the assumptions that the market price of investments fluctuates by 5% with all other variables held constant. This represents the Manager's best estimate of a reasonable possible shift in investments, having regard to the historical volatility of the prices.

% change in price of quoted Shariah-compliant securities	Market value	Impact on profit after tax	Impact on NAV
	RM	RM	RM
<b>2023</b>			
-5%	624,718,702	32,879,932	(32,879,932)
0%	657,598,634	-	-
+5%	690,478,566	(32,879,932)	32,879,932

% change in price of quoted Shariah-compliant securities	Market value	Impact on loss after tax/NAV	Impact on NAV
	RM	RM	RM
<b>2022</b>			
-5%	492,401,097	25,915,847	(25,915,847)
0%	518,316,944	-	-
+5%	544,232,791	(25,915,847)	25,915,847

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

#### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Market risk (continued)

##### (ii) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavorable movement against Ringgit Malaysia, the investments will face currency losses in addition to the capital gain/loss. The Manager will evaluate the likely directions of a foreign currency versus Ringgit Malaysia based on considerations of economic fundamentals such as profit rate differentials, balance of payments position, debt levels, and technical chart considerations.

	Cash and cash equivalents	Quoted shariah compliant securities	Dividends receivable	Total
	RM	RM	RM	RM
<b>2023</b>				
<b><u>Financial assets</u></b>				
AUD	-	48,925,569	87,471	49,013,040
CHF	-	28,832,597	-	28,832,597
DKK	636	25,666,702	-	25,667,338.23
EUR	-	139,151,371	66,133	139,217,504
HKD	-	10,045,190	421,777	10,466,967
IDR	-	14,444,745	313,369	14,758,114
INR	83,297	28,111,025	15,212	28,209,534
GBP	-	52,736,629	-	52,736,629
JPY	-	11,374,287	46,979	11,421,266
SEK	206	27,082,283	-	27,082,489
SGD	-	9,386,061	-	9,386,061
USD	316,358	254,927,999	119,680	255,364,037
ZAR	-	6,914,176	39,163	6,953,339
	400,497	657,598,634	1,109,784	659,108,915

##### **2022**

##### **Financial assets**

AUD	-	54,605,934	187,067	54,793,001
CHF	-	34,500,234	-	34,500,234
DKK	-	16,337,065	-	16,337,065
EUR	-	83,488,371	-	83,488,371
HKD	-	10,443,259	423,437	10,866,696
IDR	-	5,524,735	111,011	5,635,746
INR	-	21,231,934	89,421	21,321,355
GBP	-	61,322,477	-	61,322,477
JPY	-	8,325,259	40,037	8,365,296
SEK	205	18,890,461	-	18,890,666
USD	171,411	203,647,215	70,313	203,888,939
	171,616	518,316,944	921,286	519,409,846

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Market risk (continued)

#### ii. Currency risk (continued)

The table below summarises the sensitivity of the Fund's investments fair value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes by 5%, with all other variables remain assumption that the foreign exchange rate changes by 5%, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/decrease in foreign exchange rate will result in a corresponding decrease/increase in the net assets attributable to unitholders by approximately 5%. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	<u>Change in Price</u>	<u>Impact on profit after</u>	<u>Impact on NAV</u>
	%	<u>tax</u> RM	RM
<b>2023</b>			
AUD	5	2,450,652	(2,450,652)
CHF	5	1,441,630	(1,441,630)
DKK	5	1,283,367	(1,283,367)
EUR	5	6,960,875	(6,960,875)
HKD	5	523,348	(523,348)
IDR	5	737,906	(737,906)
INR	5	1,410,477	(1,410,477)
GBP	5	2,636,831	(2,636,831)
JPY	5	571,063	(571,063)
SEK	5	1,354,124	(1,354,124)
SGD	5	469,303	(469,303)
USD	5	12,768,202	(12,768,202)
ZAR	5	347,667	(347,667)

	<u>Change in Price</u>	<u>Impact on loss after</u>	<u>Impact on NAV</u>
	%	<u>tax</u> RM	RM
<b>2022</b>			
AUD	5	(2,739,650)	2,739,650
CHF	5	(1,725,012)	1,725,012
DKK	5	(816,853)	816,853
EUR	5	(4,174,419)	4,174,419
HKD	5	(543,335)	543,335
IDR	5	(281,787)	281,787
INR	5	(1,066,068)	1,066,068
GBP	5	(3,066,124)	3,066,124
JPY	5	(418,265)	418,265
SEK	5	(944,533)	944,533
USD	5	(10,194,447)	10,194,447

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Credit risk

Credit risk refers to the risk that an issuer or counterparty will default on its contractual obligation to make timely payments of profit, principals and proceeds resulting in financial loss to the Fund. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

Credit risk arising from cash and cash equivalents is managed by ensuring that the Fund will only place Islamic deposits in reputable licensed financial institutions.

The settlement terms of the proceeds from the creation of units receivable from the Manager and redemption of units payable to the Manager are governed by the SC's Guidelines on Unit Trust Funds.

For amount due from stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by respective stock exchange. The credit risk is minimal as all transactions in Shariah-compliant investments are settled/paid upon delivery using approved stockbrokers.

The following table sets out the credit risk concentration of the Fund:

	Cash and cash equivalents	Amount due from Manager	Dividends receivable	Total
2023	RM	RM	RM	RM
Finance				
- AAA	10,003,349	-	-	10,003,349
Energy				
- NR	-	-	66,133	66,133
Healthcare				
- NR	-	-	221,034	221,034
Telecommunications & Media				
-NR	-	-	313,369	313,369
Real Estate				
- NR	-	-	509,248	509,248
Others				
- NR	-	5,753,315	-	5,753,315
	10,003,349	5,753,315	1,109,784	16,866,448

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

#### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Credit risk (continued)

The following table sets out the credit risk concentration of the Fund:

	Cash and cash equivalents	Amount due from Manager	Dividends receivable	Total
2022	RM	RM	RM	RM
Consumer Products				
-NR	-	-	111,011	111,011
Finance				
- AAA	10,459,257	-	-	10,459,257
Healthcare				
- NR	-	-	211,952	211,952
Materials				
-NR	-	-	74,500	74,500
Real Estate				
- NR	-	-	523,823	523,823
Others				
- NR	-	4,162,240	-	4,162,240
	10,459,257	4,162,240	921,286	15,542,783

All financial assets of the Fund as at the end of the financial year are neither past due nor impaired.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Liquidity risk

Liquidity risk is the risk that investments cannot be readily sold at or near its actual value without taking a significant discount. This will result in lower NAV and profit after tax of the Fund. The Manager manages this risk by maintaining sufficient level of Islamic liquid assets to meet anticipated payment and cancellations of units by unitholders. Islamic liquid assets comprise cash, Islamic deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining year at the statement of financial position date to the contractual maturity date. The amounts in the table below are the contractual undiscounted cash flows.

	Less than 1 month	Between 1 month to 1 year	Total
<u>2023</u>	RM	RM	RM
Amount due to the Manager			
- Management fee	2,772,827	-	2,772,827
- Cancellation of units	2,125,072	-	2,125,072
Amount due to Trustee	21,490	-	21,490
Other payables and accruals	-	37,776	37,776
Net assets attributable to unit holders*	669,507,917	-	669,507,917
Contractual undiscounted cash outflows	674,427,306	37,776	674,465,082

	Less than 1 month	Between 1 month to 1 year	Total
<u>2022</u>	RM	RM	RM
Amount due to the Manager			
- Management fee	766,006	811,226	1,577,232
- Cancellation of units	1,294,430	-	1,294,430
Amount due to Trustee	17,509	-	17,509
Other payables and accruals	-	27,416	27,416
Net assets attributable to unit holders*	530,943,140	-	530,943,140
Contractual undiscounted cash outflows	533,021,085	838,642	533,859,727

\* Units are deemed on demand at the unit holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as unit holders of these instruments typically retain them for the medium to long term.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

#### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Non-compliance risk

Non-compliance risk arises when the Manager and others associated with the Fund are not in compliance with the rules set out in the Fund's constitution or the law that governs the Fund, applicable internal control procedures, or act fraudulently or dishonestly. It also includes the risk of the Manager not complying with internal control procedures.

The non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the Manager.

##### Reclassification of Shariah status risk

This risk refers to the risk that the currently held Shariah-compliant securities in the portfolio of Shariah-compliant funds may be reclassified to be Shariah non-compliant in the periodic review of the securities by the Shariah Adviser or the Shariah Boards of the relevant Islamic indices. If this occurs, the Manager will take the necessary steps to dispose of such securities.

There may be opportunity loss to the Fund due to the Fund not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant equities. The value of the Fund may also be adversely affected in the event of a disposal of Shariah non-compliant equities at a price lower than the investment cost.

##### Capital risk management

The capital of the Fund is represented by net assets attributable to unitholders of RM669,507,917 (2021: RM530,943,140). The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at discretion of unitholders. The Fund's objective when managing net assets attributable to unitholders is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

#### 3. FAIR VALUE ESTIMATION

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The fair value of financial assets traded in active markets (such as trading Shariah-compliant securities) are based on quoted market prices at the close of trading on the financial period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

#### 3. FAIR VALUE ESTIMATION (CONTINUED)

##### (i) Fair value hierarchy

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 market 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 (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 : Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

	Level 1	Level 2	Level 3	Total
As at 30 June 2023	RM	RM	RM	RM
Financial assets at fair value through profit or loss				
- quoted Shariah-compliant securities	657,598,634	-	-	657,598,634

#### As at 30 June 2022

Financial assets at fair value through profit or loss at inception

- quoted Shariah-compliant securities

	518,316,944	-	-	518,316,944
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## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

(i) Fair value hierarchy (continued)

Shariah-compliant investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed Shariah-compliant equities. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note G.

- (ii) The carrying values of cash and cash equivalents, amount due from Manager, dividends receivable and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

#### 4. MANAGEMENT FEE

In accordance with Clause 13.1.3 of the Deeds, the maximum rate of the annual management fee shall be 2.00% per annum of the net asset value of the Fund.

For the financial year ended 30 June 2023 and 30 June 2022, the management fee for the respective unit classes are as follows:

Class A	Class I
1.75% per annum	1.00% per annum

There will be no further liability to the Manager in respect of management fee other than the amount recognised above.

#### 5. TRUSTEE'S AND CUSTODIAN FEES

The maximum rate of annual trustee fee shall be up to zero point zero four per centum (0.04%) (2022: 0.04% per annum) per annum of the NAV of the Fund, subject to a minimum fee of RM15,000 (excluding foreign custodian fees and charges, if applicable) (2022: RM15,000)

For the financial year ended 30 June 2023, the Trustee's fee is recognised at a rate of 0.04% (2022: 0.04%) per annum for each unit class.

There will be no further liability to the Trustee in respect of trustee's fee other than the amount recognised above.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### 6. TAXATION

	2023	2022
	RM	RM
Tax charged for the financial year:		
- Current taxation	53,606	-

The numerical reconciliation between profit /(loss) before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	2023	2022
	RM	RM
Net profit /(loss) before taxation	143,282,456	(121,323,457)
Tax at Malaysian statutory rate of 24% (2022: 24%)	34,387,789	(29,117,630)
Tax effects of:		
- Investment loss disallowed from tax/(investment income not subject to tax)	(37,630,546)	26,375,401
- Expenses not deductible for tax purposes	754,850	548,070
- Restriction on tax deductible expenses for unit trust funds	2,487,907	2,194,159
- Under provision of taxation in prior year	53,606	-
Taxation	53,606	-

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RM	RM
Designated at fair value through profit or loss at inception		
- quoted Shariah-compliant securities (Note (a))	657,598,634	518,316,944
Net gain /(loss) on financial assets at fair value through profit or loss		
- Realised gain on sale of investments	3,640,648	30,279,060
- Unrealised gain /(loss) in changes in fair value	145,297,345	(143,074,385)
	148,937,993	(112,795,325)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

#### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Shariah-compliant investments

Name of counter	Quantity Units	Aggregate cost RM	Fair value as at 30.06.2023 RM	Percentage of NAV %
<b>AUSTRALIA</b>				
<u>Consumer Products</u>				
ARB Corporation Limited	64,781	6,076,541	5,756,319	0.86
<u>Health Care</u>				
Cochlear Limited	12,954	8,035,678	9,219,414	1.38
<u>Information Technology</u>				
Altium Limited	85,400	8,572,276	9,796,045	1.46
<u>Real Estate</u>				
Goodman Group	220,812	11,516,533	13,768,963	2.06
<b>DENMARK</b>				
<u>Industrials</u>				
DSV Panalpina A/S	12,750	12,640,164	12,495,321	1.87
<u>Health Care</u>				
Novo Nordisk A/S	17,518	8,851,526	13,171,381	1.97
<b>FRANCE</b>				
<u>Consumer Products</u>				
Kering	3,400	9,308,455	8,753,787	1.31
L'Oreal SA	10,687	14,344,348	23,243,171	3.47
	14,087	23,652,803	31,996,958	4.78
<u>Energy</u>				
TotalEnergies SE	23,400	6,159,325	6,261,791	0.94
<u>Health Care</u>				
Sanofi San	23,600	10,644,630	11,801,399	1.76
<u>Industrials</u>				
Schneider Electric SA	20,778	12,441,584	17,612,607	2.63

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Shariah-compliant investments (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.06.2023	Percentage of NAV
	Units	RM	RM	%
<b>GERMANY</b>				
<u>Materials</u>				
Linde Public Limited Company	11,434	12,559,918	20,349,576	3.04
<b>HONG KONG</b>				
<u>Real Estate</u>				
China Resources Land Limited	508,000	8,363,403	10,045,190	1.50
<b>INDIA</b>				
<u>Healthcare</u>				
Syngene International Limited	267,350	7,692,254	11,637,480	1.74
<u>Materials</u>				
Asian Paints Limited	86,118	11,777,527	16,473,545	2.46
<b>INDONESIA</b>				
<u>Consumer Products</u>				
PT Ace Hardware Indonesia Tbk	24,250,000	9,989,025	5,095,967	0.76
<u>Telecommunications &amp; Media</u>				
Telkom Indonesia Persero TBK	7,507,300	9,321,936	9,348,778	1.40
<b>IRELAND</b>				
<u>Industrials</u>				
Trane Technologies Plc	21,947	13,586,509	19,592,260	2.93
<b>JAPAN</b>				
<u>Health Care</u>				
Asahi Intecc Co. Ltd	125,300	12,054,933	11,374,287	1.70
<b>KOREA</b>				
<u>Information Technology</u>				
Samsung Electronics Co.,Ltd	3,126	16,114,309	16,633,325	2.48

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

#### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Shariah-compliant investments (continued)

Name of counter	Quantity Units	Aggregate cost RM	Fair value as at 30.06.2023 RM	Percentage of NAV %
<b>NETHERLANDS</b>				
<u>Consumer Products</u>				
Ferrari NV Race	11,326	10,455,513	17,273,621	2.58
<u>Information Technology</u>				
Asml Holding N.V.	7,209	15,233,856	24,338,766	3.64
<b>NEW ZEALAND</b>				
<u>Industrials</u>				
Auckland International Airport Limited	425,793	8,444,402	10,384,829	1.55
<b>SINGAPORE</b>				
<u>Telecommunications &amp; Media</u>				
Singapore Telecommunications	1,088,600	9,299,814	9,386,061	1.40
<b>SOUTH AFRICA</b>				
<u>Health Care</u>				
Clicks Group	107,100	8,457,748	6,914,176	1.03
<b>SWEDEN</b>				
<u>Industrial Products</u>				
Assa Abloy Ab	78,600	8,468,521	8,796,895	1.31
Atlas Copco Aktiebolag	272,299	15,385,698	18,285,388	2.73
	350,899	23,854,219	27,082,283	4.04
<b>SWITZERLAND</b>				
<u>Health Care</u>				
DSM-Firmenich AG	18,950	14,467,320	9,516,653	1.42
Lonza Group AG	4,102	11,565,188	11,415,132	1.71
	23,052	26,032,508	20,931,785	3.13
<u>Industrial Products</u>				
Vat Group Ltd	9,023	7,540,729	17,417,465	2.60

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

#### (a) Quoted Shariah-compliant investments (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.06.2023	Percentage of NAV
	Units	RM	RM	%
<b>UNITED KINGDOM</b>				
<u>Health Care</u>				
Astrazeneca Plc	28,492	13,137,392	19,064,630	2.85
Dechra Pharmaceuticals Plc	79,194	15,914,759	17,321,998	2.59
	107,686	29,052,151	36,386,628	5.44
<u>Industrials</u>				
Croda International Plc	23,900	8,605,745	7,978,992	1.19
Spirax Sarco Engineering plc	13,610	10,909,234	8,371,009	1.25
	37,510	19,514,979	16,350,001	2.44
<b>UNITED STATES OF AMERICA</b>				
<u>Consumer Products</u>				
Lululemon Athletica Inc	10,700	15,218,524	18,903,182	2.82
Procter & Gamble Co.	35,677	18,670,385	25,268,162	3.77
Target Corporation	16,500	15,297,469	10,158,135	1.52
	62,877	49,186,378	54,329,479	8.11
<u>Healthcare</u>				
Boston Scientific Corporation	40,300	9,431,741	10,174,364	1.51
Danaher Corp	10,143	13,020,678	11,362,213	1.70
Johnson & Johnson Com	21,800	16,295,495	16,841,944	2.51
Medtronic Public Limited Company	27,800	12,160,353	11,431,572	1.71
Merck & Co Inc	18,273	8,456,792	9,841,545	1.47
Pfizer Inc.	64,827	10,622,320	11,098,659	1.66
Resmed Inc.	11,590	7,590,620	11,820,072	1.77
	194,733	77,577,999	82,570,369	12.33
<u>Information Technology</u>				
Adobe Inc.	7,790	15,840,214	17,779,629	2.66
Analog Devices Inc	17,413	13,642,034	15,833,251	2.36
Manhattan Associates Ord.	16,813	8,689,532	15,685,552	2.34
Microsoft Corporation	5,300	5,817,916	8,424,211	1.26
Tetra Technologies Inc	19,300	11,254,896	14,750,181	2.20
	66,616	55,244,592	72,472,824	10.82

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Shariah-compliant investments (continued)

	Quantity Units	Aggregate cost RM	Fair value as at 30.06.2023 RM	Percentage of NAV %
<b>UNITED STATES OF AMERICA</b>				
<b>(continued)</b>				
<u>Real Estate</u>				
Prologis Inc	16,300	8,950,250	9,329,741	1.39
Total quoted Shariah-compliant investments	35,785,379	558,896,012	657,598,634	98.22

Accumulated unrealised gain on  
financial assets at fair value  
through profit or loss  
Total financial assets at fair  
value  
through profit or loss

98,702,622

657,598,634

Name of counter	Quantity Units	Aggregate cost RM	Fair value as at 30.06.2022 RM	Percentage of NAV %
<b>AUSTRALIA</b>				
<u>Consumer Products</u>				
ARB Corporation Limited	64,781	6,076,541	5,544,623	1.04
<u>Health Care</u>				
Cochlear Limited	23,642	14,665,702	14,237,764	2.68
<u>Information Technology</u>				
Altium Limited	85,400	8,572,276	6,965,163	1.31
<u>Real Estate</u>				
Goodman Group	220,812	11,516,533	11,939,255	2.25
<b>DENMARK</b>				
<u>Industrials</u>				
DSV Panalpina A/S	12,750	12,640,164	7,830,516	1.47
<u>Utilities</u>				
Orsted A/S Denerg	18,505	10,676,792	8,506,549	1.60

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

#### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Shariah-compliant investments (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.06.2022	Percentage of NAV
	Units	RM	RM	%
<b>FRANCE</b>				
<u>Consumer Products</u>				
L'Oreal SA	12,677	16,861,364	19,235,515	3.62
<u>Health Care</u>				
Sanofi San	23,600	10,644,630	10,476,452	1.97
<u>Industrials</u>				
Schneider Electric SA	24,750	14,819,964	12,875,519	2.43
<b>GERMANY</b>				
<u>Materials</u>				
Linde Public Limited Company	11,434	12,559,918	14,433,282	2.72
<b>HONG KONG</b>				
<u>Real Estate</u>				
China Resources Land Limited	508,000	8,363,403	10,443,259	1.97
<b>INDIA</b>				
<u>Healthcare</u>				
Syngene International Limited	267,350	7,692,254	8,277,638	1.56
<u>Materials</u>				
Asian Paints Limited	86,118	11,777,527	12,954,297	2.44
<b>INDONESIA</b>				
<u>Consumer Products</u>				
PT Ace Hardware Indonesia Tbk	24,250,000	9,989,025	5,524,735	1.04
<b>IRELAND</b>				
<u>Industrials</u>				
Trane Technologies Plc	21,947	13,586,508	12,562,507	2.37
<b>JAPAN</b>				
<u>Health Care</u>				
Asahi Intecc Co. Ltd	125,300	12,054,933	8,325,259	1.57

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Shariah-compliant investments (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.06.2022	Percentage of NAV
	Units	RM	RM	%
<b>KOREA</b>				
<u>Information Technology</u>				
Samsung Electronics Co.,Ltd	2,226	11,833,613	9,909,206	1.87
<b>NETHERLANDS</b>				
<u>Information Technology</u>				
Asml Holding N.V.	7,924	16,600,860	16,644,166	3.13
<u>Materials</u>				
Koninklijke DSM NV	15,550	12,379,883	9,823,437	1.85
<b>NEW ZEALAND</b>				
<u>Health Care</u>				
Fisher & Paykel Healthcare Corporation Limited	139,758	10,958,464	7,556,684	1.42
<u>Industrials</u>				
Auckland International Airport Limited	425,793	8,444,402	8,362,444	1.58
<b>SWEDEN</b>				
<u>Industrial Products</u>				
Assa Abloy Ab	78,600	8,468,521	7,346,189	1.38
Atlas Copco Aktiebolag	280,844	16,038,110	11,544,272	2.17
	359,444	24,506,631	18,890,461	3.55
<b>SWITZERLAND</b>				
<u>Health Care</u>				
Lonza Group AG	4,102	11,597,645	9,612,470	1.81
Novartis Inc.	25,198	8,640,061	9,379,240	1.77
Tecan Group AG	5,830	11,696,765	7,440,177	1.40
	35,130	31,934,471	26,431,887	4.98
<u>Industrial Products</u>				
Vat Group Ltd	7,700	5,725,432	8,068,346	1.52
<b>UNITED KINGDOM</b>				
<u>Health Care</u>				
Astrazeneca Plc	32,600	15,031,552	18,845,744	3.55
Dechra Pharmaceuticals Plc	79,194	15,914,759	14,658,489	2.76
	111,794	30,946,311	33,504,233	6.31

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

#### (a) Quoted Shariah-compliant investments (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.06.2022	Percentage of NAV
	Units	RM	RM	%
<b>UNITED KINGDOM (continued)</b>				
<u>Industrials</u>				
Croda International Plc	23,900	8,605,745	8,279,581	1.56
Spirax Sarco Engineering plc	13,610	10,909,234	7,196,131	1.36
	37,510	19,514,979	15,475,712	2.92
<u>Information Technology</u>				
Aveva Group Plc	102,437	18,089,409	12,342,532	2.32
<b>UNITED STATES OF AMERICA</b>				
<u>Consumer Products</u>				
Lululemon Athletica Inc	13,106	18,640,559	15,747,232	2.97
Procter & Gamble Co.	35,677	18,670,385	22,610,456	4.26
Target Corporation	13,800	13,437,238	8,590,103	1.62
	62,583	50,748,182	46,947,791	8.85
<u>Healthcare</u>				
Danaher Corp	10,143	13,020,678	11,333,680	2.13
Johnson & Johnson Com	10,700	8,306,600	8,371,416	1.58
Medtronic Public Limited Company	27,800	12,160,353	10,996,932	2.07
Pfizer Inc.	64,827	10,622,320	14,980,561	2.82
Resmed Inc.	9,090	5,050,519	8,398,653	1.58
	122,560	49,160,470	54,081,242	10.18
<u>Industrials</u>				
Emerson Electric Co	21,400	9,032,351	7,502,252	1.41
<u>Information Technology</u>				
Adobe Inc.	7,790	15,840,214	12,568,459	2.37
Analog Devices Inc	17,413	13,642,034	11,212,085	2.11
Ansys Inc Com	9,300	13,040,326	9,808,437	1.85
Intuit Inc	4,900	8,981,706	8,324,251	1.57
Manhattan Associates Ord.	21,111	10,829,248	10,663,155	2.01
Tetra Technologies Inc	19,300	11,254,897	11,615,591	2.19
	79,814	73,588,425	64,191,978	12.10
<u>Real Estate</u>				
Prologis Inc	16,300	8,950,250	8,452,240	1.59

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Shariah-compliant investments (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.06.2022	Percentage of NAV
	Units	RM	RM	%
Total quoted Shariah-compliant investments	27,304,989	564,911,667	518,316,944	97.62
Accumulated unrealised gain on financial assets at fair value through profit or loss		(46,594,723)		
Total financial assets at fair value through profit or loss		518,316,944		

### 8. CASH AND CASH EQUIVALENTS

	2023 RM	2022 RM
Bank balances	10,003,349	10,459,257

### 9. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant, and comprises the following:

- (i) Equity securities in foreign markets which have been classified as Shariah-compliant either by the Shariah Supervisory Board of Morgan Stanley Capital International All County World Islamic (Shariah) Index ("MSCI ACWI Islamic (Shariah) Index") and duly verified by the Shariah Adviser and/or those securities which have been reviewed and classified as Shariah-compliant by the Shariah Adviser.; and
- (ii) Liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### 10. NUMBER OF UNITS IN CIRCULATION

Number of units in circulation is represented by:

	Note	2023	2022
		No. of units	No. of units
Class A - MYR	(a)	275,770,360	276,996,260
Class A - USD	(b)	-	-
Class A - SGD	(c)	-	-
Class A - AUD	(d)	-	-
Class I - MYR	(e)	-	-
		<u>275,770,360</u>	<u>276,996,260</u>

(a) Class A - MYR

	2023	2022
	No. of units	No. of units
At the beginning of the financial year	276,996,260	155,024,041
Add: Creation of units arising from applications during the financial year	56,976,841	180,025,514
Less: Cancellation of units during the financial year	(58,202,741)	(58,053,295)
At the end of the financial year	<u>275,770,360</u>	<u>276,996,260</u>

(b) Class A - USD

	2023	2022
	No. of units	No. of units
At the beginning of the financial year	-	-
Add: Creation of units arising from applications during the financial year	-	-
Less: Cancellation of units during the financial year	-	-
At the end of the financial year	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### 10. NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(c) Class A - SGD

	2023	2022
	No. of units	No. of units
At the beginning of the financial year	-	-
Add: Creation of units arising from applications during the financial year	-	-
Less: Cancellation of units during the financial year	-	-
At the end of the financial year	-	-

(d) Class A - AUD

	2023	2022
	No. of units	No. of units
At the beginning of the financial year	-	-
Add: Creation of units arising from applications during the financial year	-	-
Less: Cancellation of units during the financial year	-	-
At the end of the financial year	-	-

(e) Class I - MYR

	2023	2022
	No. of units	No. of units
At the beginning of the financial year	-	-
Add: Creation of units arising from applications during the financial year	-	-
Less: Cancellation of units during the financial year	-	-
At the end of the financial year	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### 11. TRANSACTIONS WITH BROKERS

Details of transactions with the top 10 brokers for the financial year ended 30 June 2023 are as follows:

Name of broker	Value of trades	Percentage of total	Brokerage fees	Percentage of of total brokerage fees
		trades		fees
	RM	%	RM	%
Nordea Bank Finland Plc, Nyc	33,259,850	13.34	19,060	14.10
Barclays Bank Dub	23,712,322	9.51	16,599	12.28
Mkm Partners Ny	17,833,540	7.15	8,917	6.60
Exane Eur	17,232,069	6.91	12,062	8.92
William Blair And Co Nyc	15,054,689	6.04	7,527	5.57
Jp Morgan Secs Nyc	14,991,970	6.01	9,185	6.79
Goldman Sachs Lon	13,185,474	5.29	10,292	7.61
Cfs Ca Syd	11,769,252	4.72	3,733	2.76
Macquarie Securities (Australia) Ltd	10,395,891	4.18	2,079	1.54
Cantor Fitzgerald Lon	9,513,417	3.82	4,757	3.52
Others	82,319,395	33.03	40,973	30.31
	249,267,869	100.00	135,184	100.00

Details of transactions with the top 10 brokers for the financial year ended 30 June 2022 are as follows:

Name of broker	Value of trades	Percentage of total	Brokerage fees	Percentage of of total brokerage fees
		trades		fees
	RM	%	RM	%
Goldman Sachs Lon	128,388,444	22.04	41,242	17.94
Citibank N.A.	93,929,841	16.13	19,801	8.61
Merrill Lynch Lon	47,106,020	8.09	24,622	10.71
Baird Robert W Nyc	45,317,906	7.78	22,659	9.86
Barclays Bank Dub	39,061,083	6.71	25,770	11.21
Rbc Dexia Investor Services	33,891,865	5.82	10,749	4.68
Liquidnet Nyc	28,543,563	4.90	8,563	3.73
Cfs Ca Syd	26,384,469	4.53	13,577	5.91
Nordea Bank Finland Plc, Nyc	19,614,649	3.37	10,570	4.60
Itg Syd	16,245,644	2.78	4,874	2.12
Others	103,980,441	17.85	47,430	20.63
	582,463,925	100.00	229,857	100.00

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### 12. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties of and their relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
abrdn Islamic Malaysia Sdn. Bhd.	The Manager
abrdn Malaysia Sdn Bhd	Intermediate holding company of the Manager
abrdn Plc ("abrdn")	Intermediate holding company of the Manager
abrdn Asia Limited	Related company of the Manager
Subsidiaries and associates of abrdn Group as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager

#### Units held by the Manager and parties related to the Manager

There were no units held by the Manager and parties related to the Manager as at the end of the financial year.

#### Significant related party transactions and balances

In addition to related party disclosure mentioned elsewhere in the financial statements, there were no other significant related party transactions and balances.

### 13. TOTAL EXPENSE RATIO ("TER")

	2023	2022
	%	%
TER (%)	1.82	1.82

TER is derived from the following calculation:

$$\begin{aligned}
 \text{TER} &= \frac{(A + B + C + D + E) \times 100}{F} \\
 A &= \text{Management fee} \\
 B &= \text{Trustee's fees} \\
 C &= \text{Auditor's remuneration} \\
 D &= \text{Tax agent's fee} \\
 E &= \text{Other expenses} \\
 F &= \text{Average NAV of the Fund calculated on a daily basis}
 \end{aligned}$$

The average NAV of the Fund for the financial year calculated on a daily basis is RM 591,765,417 (2022: RM 521,892,354).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

### 14. PORTFOLIO TURNOVER RATIO ("PTR")

	2023	2022
	RM	RM
PTR (times)	0.26	0.59

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial year} + \text{total disposal for the financial year}) \div 2}{\text{Average NAV of the Fund for the financial year calculated on a daily basis}}$$

Where: Total acquisition for the financial year = RM 146,850,915 (2022: RM 446,933,388)  
Total disposal for the financial year = RM 156,507,217 (2022: RM 167,115,240)

### 15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 30 August 2023.

## TRUSTEE'S REPORT

### TO THE UNIT HOLDERS OF ABRDN ISLAMIC WORLD EQUITY FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 June 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **abrdn Islamic Malaysia Sdn. Bhd.** 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 and on behalf of  
**CIMB Islamic Trustee Berhad**

**Datin Ezreen Eliza binti Zulkiplee**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
30 August 2023

## SHARIAH ADVISER'S REPORT

### TO THE UNITHOLDERS OF ABRDN ISLAMIC WORLD EQUITY FUND

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, abrdn Islamic Malaysia Sdn. Bhd. has operated and managed the Fund during the period covered by these financial statements in accordance with the Shariah principles and requirements 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 except except for **Target Corporation, DSV, Spirax-Sarco Engineering Plc.** and **Emerson Electric Co** which have been reclassified as Shariah non-compliant. Emerson Electric Co has been disposed on 8<sup>th</sup> November 2022 while the other reclassified Shariah non-compliant instruments shall be disposed in accordance with the Fund's Shariah investment guidelines as provided in the Fund's deed and disclosure in the Fund's prospectus.

For **Amanie Advisors Sdn Bhd**

**Tan Sri Dr Mohd Daud Bakar**  
Executive Chairman

Kuala Lumpur, Malaysia  
30 August 2023

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF ABRDN ISLAMIC WORLD EQUITY FUND

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

In our opinion, the financial statements of abrdn Islamic Malaysia Sdn. Bhd. give a true and fair view of the financial position of the Fund as at 30 June 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 June 2023, and the statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 2 to 49.

#### 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 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 Ethics Standards Board for Accountants' 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 is responsible for the other information. The other information comprises Manager's Report 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.

## **INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF ABRDN ISLAMIC WORLD EQUITY FUND (CONTINUED)**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

The Manager of the Fund is responsible for the preparation of the 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.

#### **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 scepticism throughout the audit. We also:

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

## **INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF ABRDN ISLAMIC WORLD EQUITY FUND (CONTINUED)**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements 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 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
30 August 2023

## DISTRIBUTORS

### **CIMB BANK BERHAD**

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## DISTRIBUTORS (CONTINUED)

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WEBSITE : <https://www.uwealth.com.my/>

**For the latest list of our distributors, please refer to our website at**  
<https://www.abrdn.com/en-my/investor>

## DISCLAIMER

Investors should read and understand the master prospectus dated 25 April 2022 in respect of abrdn Islamic World Equity Fund (collectively, "Master Prospectus") as well as the Product Highlights Sheet in respect of AIWEF which can be obtained at our office or from any of our approved distributors, or seek relevant professional investment advice, before making any investment decision. A copy of the Master Prospectus has been registered with the Securities Commission of Malaysia ("the SC"). Investors should consider the fees and charges involved before investing. Investments in the unit trusts are not deposits in, obligations of, or guaranteed or insured by abrdn Islamic Malaysia Sdn. Bhd. (the "Manager"), and are subject to investment risks, including the possible loss of the principal amount invested. Unit values and income therefrom may fall or rise. Past performance is not indicative of future performance. Units will only be issued on receipt of the application form referred to in and accompanying the Master Prospectus, subject to the terms and conditions therein. Investors are advised to read and understand the contents of the unit trust loan financing risk statement before deciding to borrow/seek financing facility to purchase units.

The information herein shall not be disclosed, used or disseminated, in whole or part, and shall not be reproduced, copied or made available to others. The Manager reserves the right to make changes and corrections to the information, including any opinions or forecasts expressed herein at any time, without notice.

The registration of the Master Prospectus dated 25 April 2022 with the SC does not indicate that the SC recommended or endorsed the product and service. This document has not been reviewed by the SC.

**abrdn Islamic Malaysia Sdn. Bhd.**  
**Registration Number: 200801026015 (827342-W)**

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