

ANNUAL REPORT

31 DECEMBER 2023

PHEIM

Pheim Emerging Companies Balanced Fund

Dana Makmur Pheim

Pheim Income Fund

Pheim Asia Ex-Japan Fund

Pheim Asia Ex-Japan Islamic Fund



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Your **Need**
is our **Focus**

TRUST DIRECTORY

MANAGER

Pheim Unit Trusts Berhad 200101010163 (545919-A)
Registered Office and Head Office:
7th Floor, Menara Hap Seng (Letter Box 12)
Jalan P. Ramlee, 50250 Kuala Lumpur
Tel:(603) 2142 8888 Fax:(603) 2141 9199

BOARD OF DIRECTORS

Dr. Tan Chong Koay (Non-Independent)
Teh Song Lai (Alternate Director to Dr. Tan Chong Koay) (Appointed w.e.f. 22 December 2023)
Hoi Weng Kong (Independent)
Lee Seng Young (Independent)
Rosenah Effendi Binti Abdul Rahim (Independent) (Appointed w.e.f. 2 October 2023)
Ahmad Subri Bin Abdullah (Non-Independent) (Resigned w.e.f. 22 December 2023)
Teh Song Lai (Non-Independent) (Resigned w.e.f. 22 December 2023)

INVESTMENT COMMITTEE

Zarina Binti Omar (Independent)
Pee Ban Hock (Independent)
Ho Sen Feek (Independent)
Mark Wing Kong (Independent)
Rostam Effendi Bin Abdul Rahim (Independent)

EXTERNAL INVESTMENT MANAGER

Pheim Asset Management Sdn Bhd 199301014824 (269564-A)

SHARIAH ADVISER

Amanie Advisors Sdn Bhd 2005011007003 (684050-H)

TRUSTEE

Maybank Trustees Berhad 196301000109 (5004-P)

AUDITORS

Folks DFK & Co (AF0502)

TAXATION CONSULTANT

Folks Taxation Sdn Bhd 198901000798 (178104-M)

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Fund Information

Dear Valued Unit Holders

We are pleased to present the Manager’s Report and the audited financial statements for the financial year ended 31 December 2023 for the following Funds:

- i. Pheim Emerging Companies Balanced Fund (PECBF)
- ii. Dana Makmur Pheim (DMP)
- iii. Pheim Income Fund (PIF)
- iv. Pheim Asia Ex-Japan Fund (PAXJ)
- v. Pheim Asia Ex-Japan Islamic Fund (PAXJI)

1 FUND INFORMATION

1.1 Fund Category and Type

Fund	Category and type
PECBF	PECBF is a balanced fund that aims to provide income and some capital growth.
DMP	DMP is an Islamic balanced fund that aims to provide Shariah permissible income and some capital growth.
PIF	PIF is an income fund that aims to provide steady income.
PAXJ	PAXJ is an equity growth fund that aims to achieve capital appreciation in the long term by investing primarily in Asian markets excluding Japan.
PAXJI	PAXJI is an equity growth fund that aims to achieve capital appreciation in the long term by investing primarily in Asian markets excluding Japan through investments that comply with Shariah requirements.

1.2 Funds’ Investment Objective

Fund	Investment objective and strategy
PECBF	PECBF aims to provide Unit Holders with steady income and some prospects for capital appreciation (income and growth) in the longer term. PECBF will invest in a balanced portfolio of equities and fixed income instruments subject to a maximum of 60% in equities and a minimum of 40% in fixed income instruments and liquid assets.
DMP	DMP aims to provide Unit Holders with steady income and some prospects for capital appreciation (income and growth) in the longer term. DMP will invest in a balanced portfolio of Shariah-compliant equities and sukuk subject to a maximum of 60% in Shariah-compliant equities and a minimum of 40% in sukuk and Islamic liquid assets. All investments will be made in accordance to Shariah requirements.

Fund Information

1.2 Funds' Investment Objective (Cont'd.)

PIF	<p>PIF aims to provide unit holders with consistent income returns in the medium to longer term. PIF will invest primarily in medium to long-term fixed income instruments subject to a minimum of 70%* in fixed income instruments and liquid assets and a maximum of 30% in equities.</p> <p>*The Fund will invest at least 50% of its NAV in fixed income instruments.</p>
PAXJ	<p>PAXJ aims to achieve capital appreciation in the long term by investing primarily in Asian markets excluding Japan. PAXJ will invest, without restraint, in securities listed on the stock exchanges of the Asia Pacific region excluding Japan with initial focus in ASEAN countries, Hong Kong SAR, China, Taiwan, Korea, Australia, New Zealand and India.</p>
PAXJI	<p>PAXJI aims to achieve capital appreciation in the long term by investing primarily in Asian markets excluding Japan through investments that comply with Shariah requirements. PAXJI will invest in securities listed on the stock exchanges of the Asia Pacific region excluding Japan with initial focus in ASEAN countries, Hong Kong SAR, China, Taiwan, Korea, Australia, New Zealand and India that comply with Shariah requirements.</p>

1.3 Duration of the Funds

Fund	Duration of the Fund
PECBF	<p>PECBF was launched on 28 January 2002 and its offer period ended on 15 February 2002. It shall exist for as long as it appears to the Manager and the Trustee that it is in the interest of the Unit Holders for it to continue.</p>
DMP	<p>DMP was launched on 28 January 2002 and its offer period ended on 15 February 2002. It shall exist for as long as it appears to the Manager and the Trustee that it is in the interest of the Unit Holders for it to continue.</p>
PIF	<p>PIF was launched on 28 January 2002 and its offer period ended on 15 February 2002. It shall exist for as long as it appears to the Manager and the Trustee that it is in the interest of the Unit Holders for it to continue.</p>
PAXJ	<p>PAXJ was launched on 30 June 2006 and its offer period ended on 20 July 2006. It shall exist for as long as it appears to the Manager and the Trustee that it is in the interest of the Unit Holders for it to continue.</p>
PAXJI	<p>PAXJI was launched on 1 November 2006 and its offer period ended on 21 November 2006. It shall exist for as long as it appears to the Manager and the Trustee that it is in the interest of the Unit Holders for it to continue.</p>

Fund Information

1.4 Funds' Performance Benchmark

The performance benchmarks deemed relevant to assess the performance of the respective Funds are shown in the following table:

Fund	Performance Benchmark	Source
PECBF	Weighted average of: 1. 60% of FTSE Bursa Malaysia EMAS Index return, and 2. 40% of Maybank 1-year fixed deposit rate at the beginning of the financial year.	Bursa Malaysia & Maybank
DMP	Weighted average of: 1. 60% of FTSE Bursa Malaysia EMAS Shariah Index, and 2. 40% of Maybank 1-year General Investment Account (GIA) rate obtained at the beginning of the financial year.	Bursa Malaysia & Maybank
PIF	Maybank 1-year fixed deposit rate at the beginning of the financial year.	Maybank
PAXJ	MSCI AC Asia Ex-Japan Index (With effect from 6 April 2023, the performance benchmark of the Fund changed from 7% growth in NAV per annum to MSCI AC Asia Ex-Japan Index)	MSCI
PAXJI	MSCI AC Asia Islamic Ex-Japan Index (With effect from 6 April 2023, the performance benchmark of the Fund changed from 7% growth in NAV per annum to MSCI AC Islamic Asia Ex-Japan Index)	MSCI

1.5 Funds' Distribution Policy

Fund	Distribution Policy
PECBF, DMP & PIF	The Funds intend to distribute income, if any, on an annual basis. The income distribution may be declared at the end of each financial year or any specified period as may be approved by the Trustee.
PAXJ & PAXJI	Distribution by the Funds is incidental.

Fund Information

1.6 Breakdown of Unit Holdings by Size as at 31.12.2023

PECBF	No. of Units Held		No. of Unitholders		
	Size of Holdings	('000)	%	No.	%
	5,000 and below	95	0.49	38	25.33
	5,001 - 10,000	158	0.82	21	14.00
	10,001 - 50,000	1,384	7.17	57	38.00
	50,001 - 500,000	4,703	24.34	25	16.67
	500,001 and above	12,979	67.18	9	6.00
Total		19,319	100.00	150	100.00

DMP	No. of Units Held		No. of Unitholders		
	Size of Holdings	('000)	%	No.	%
	5,000 and below	3,871	1.31	1,410	28.07
	5,001 - 10,000	7,775	2.62	1,058	21.06
	10,001 - 50,000	44,256	14.93	1,975	39.32
	50,001 - 500,000	60,436	20.39	537	10.69
	500,001 and above	180,058	60.75	43	0.86
Total		296,396	100.00	5023	100.00

PIF	No. of Units Held		No. of Unitholders		
	Size of Holdings	('000)	%	No.	%
	5,000 and below	34	0.27	16	22.22
	5,001 - 10,000	68	0.54	10	13.89
	10,001 - 50,000	552	4.37	25	34.72
	50,001 - 500,000	2,416	19.14	17	23.61
	500,001 and above	9,554	75.68	4	5.56
Total		12,624	100.00	72	100.00

Fund Information

1.6 Breakdown of Unit Holdings by Size as at 31.12.2023 (Cont'd.)

PAXJ	No. of Units Held		No. of Unitholders	
Size of Holdings	('000)	%	No.	%
5,000 and below	39	0.61	14	18.42
5,001 - 10,000	90	1.40	13	17.11
10,001 - 50,000	690	10.77	31	40.79
50,001 - 500,000	1,860	29.01	14	18.42
500,001 and above	3,732	58.21	4	5.26
Total	6,411	100.00	76	100.00

PAXJI	No. of Units Held		No. of Unitholders	
Size of Holdings	('000)	%	No.	%
5,000 and below	542	1.20	190	24.97
5,001 - 10,000	912	2.02	124	16.29
10,001 - 50,000	7,691	17.06	324	42.58
50,001 - 500,000	11,777	26.13	116	15.24
500,001 and above	24,147	53.59	7	0.92
Total	45,069	100.00	761	100.00

Fund Performance

2 FUND PERFORMANCE**2.1 Pheim Emerging Companies Balanced Fund****2.1.1 Portfolio composition**

	FYE 31.12.2023 (%)	FYE 31.12.2022 (%)	FYE 31.12.2021 (%)
Industry Sector	(Percentage of Net Asset Value)		
Communications	0.32	0.76	0.98
Consumer Discretionary	4.40	4.76	2.46
Consumer Staples	8.78	6.43	6.11
Energy	2.97	6.18	3.54
Financials	3.74	7.73	4.55
Health Care	4.53	5.72	4.60
Industrials	5.05	6.34	4.98
Materials	10.94	9.68	10.55
Real Estate	3.85	4.19	4.15
Technology	12.67	5.94	10.22
Utilities	-	0.73	0.72
Unquoted/Quoted Corporate Bonds	23.90	24.16	28.99
Cash and cash equivalents	18.85	17.38	18.15
Total	100.00	100.00	100.00

Fund Performance

PECBF

2.1.2 Other financial and performance data

	FYE 31.12.2023	FYE 31.12.2022	FYE 31.12.2021
Total NAV (RM'000)	17,328.20	18,165.51	19,464.49
Units in Circulation ('000)	19,318.98	18,979.94	17,391.47
NAV per unit (RM)	0.8970	0.9571	1.1192
Highest NAV	0.9956	1.1270	1.2516
Lowest NAV	0.8815	0.9015	1.1076
Total Returns for the Year (RM'000)			
Capital growth	(264.94)	(2,402.21)	(1,785.20)
Income distribution	213.59	708.48	1,830.77
Income Distribution	On 28.04.2023	On 22.04.2022	On 23.04.2021
Gross distribution per unit (sen)	6.00	7.00	6.75
Net distribution per unit (sen)	6.00	7.00	6.75
Total Expense Ratio (TER) (%)	1.89	1.87	1.77
Portfolio Turnover Ratio (PTR) (times)	0.21	0.28	0.50

Note:

- i) TER is calculated based on total fees and expenses incurred by the Fund divided by average value of the Fund calculated on a daily basis. The TER for the year increased slightly following the minimum Trustee's fee of RM15,000 was charged to the Fund due to the lower average NAV during the year under review.
- ii) PTR is calculated based on the average of the acquisitions and disposals of investments of the Fund to the average value of the Fund calculated on a daily basis. The PTR for the year further reduced as compared to the previous year due to the lower investment trading volume during the year.

Fund Performance

PECBF

2.1.3 Average total return ended 31 December 2023

	(%)
One Year	-0.11
Three Years	-2.91
Five Years	+5.00

2.1.4 Annual total return for each of the last five financial years

Financial year ended 31 December:	(%)
2023	-0.11
2022	-8.92
2021	+0.30
2020	+23.59
2019	+10.83

Note : All returns above are calculated based on NAV per unit adjusted for income distribution.

Note: Average Total return is derived from Total Return against Number of Years under review.

Data source : Lipper IM

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

Fund Performance

2.2 Dana Makmur Pheim

2.2.1 Portfolio composition

	FYE 31.12.2023 (%)	FYE 31.12.2022 (%)	FYE 31.12.2021 (%)
Industry Sector	(Percentage of Net Asset Value)		
Communications	0.95	2.40	1.31
Consumer Discretionary	4.46	6.86	5.07
Consumer Staples	7.03	4.87	3.57
Energy	1.93	6.12	5.54
Financials	0.35	2.20	0.48
Health Care	4.57	5.27	3.85
Industrials	8.74	12.23	9.75
Materials	10.24	7.67	9.23
Real Estate	3.93	1.45	1.18
Technology	11.46	7.41	8.34
Utilities	0.49	1.00	1.40
Sukuk	26.10	26.82	29.25
Cash And Other Assets	19.75	15.70	21.03
Total	100.00	100.00	100.00

Fund Performance

DMP

2.2.2 Other financial and performance data

	FYE 31.12.2023	FYE 31.12.2022	FYE 31.12.2021
Total NAV (RM'000)	292,227.11	274,308.92	264,195.61
Units in Circulation ('000)	296,395.94	262,785.78	228,065.67
NAV per unit (RM)	0.9859	1.0438	1.1584
Highest NAV	1.0812	1.1886	1.2967
Lowest NAV	0.9667	0.9943	1.1334
Total Returns for the Year (RM'000)			
Capital growth	(7,973.79)	(20,377.51)	(12,968.49)
Income distribution	8,161.13	5,156.58	11,455.62
Income Distribution	On 28.04.2023	On 22.04.2022	On 23.04.2021
Gross distribution per unit (sen)	6.00	7.00	6.75
Net distribution per unit (sen)	6.00	7.00	6.75
Total Expense Ratio (TER) (%)	1.66	1.67	1.59
Portfolio Turnover Ratio (PTR) (times)	0.36	0.19	0.40

Note:

- i) *TER is calculated based on total fees and expenses incurred by the Fund divided by average value of the Fund calculated on a daily basis. The TER for the year was slightly lower mainly due to higher average NAV, following an increase in subscription during the year under review.*
- ii) *PTR is calculated based on the average of the acquisitions and disposals of Shariah-compliant investments of the Fund to the average value of the Fund calculated on a daily basis. The PTR for the year was higher mainly due to the higher investment trading volume amid the volatile market during the year.*

Fund Performance

DMP

2.2.3 Average total return ended 31 December 2023

	(%)
One Year	+0.39
Three Years	-1.94
Five Years	+6.10

2.2.4 Annual total return for each of the last five financial years

Financial year ended 31 December:	(%)
2023	+0.39
2022	-5.82
2021	-0.38
2020	+17.34
2019	+18.09

Note : All returns above are calculated based on NAV per unit adjusted for income distribution and unit split.

Note: Average Total return is derived from Total Return against Number of Years under review.

Data source : Lipper IM

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

Fund Performance

2.3 Pheim Income Fund

2.3.1 Portfolio composition

	FYE 31.12.2023 (%)	FYE 31.12.2022 (%)	FYE 31.12.2021 (%)
Industry Sector	(Percentage of Net Asset Value)		
Communications	0.25	0.44	-
Consumer Discretionary	2.68	2.40	0.20
Consumer Staples	0.98	0.21	3.68
Energy	4.57	4.65	0.84
Financials	1.94	4.67	3.44
Health Care	3.59	4.04	1.63
Industrials	2.61	6.26	2.52
Materials	4.35	3.60	4.77
Real Estate	1.07	0.60	0.61
Technology	6.05	3.06	5.04
Unquoted Corporate Bonds	47.96	58.43	37.78
Cash and Other Assets	23.95	11.64	39.49
Total	100.00	100.00	100.00

Fund Performance

PIF

2.3.2 Other financial and performance data

	FYE 31.12.2023	FYE 31.12.2022	FYE 31.12.2021
Total NAV (RM'000)	12,450.31	12,802.81	13,412.37
Units in Circulation ('000)	12,624.32	12,780.75	12,676.62
NAV per unit (RM)	0.9862	1.0017	1.0582
Highest NAV	1.0277	1.0627	1.1307
Lowest NAV	0.9706	0.9681	1.0501
Total Returns for the Year (RM'000)			
Capital growth	307.24	(726.85)	(108.12)
Income distribution	(207.86)	452.99	452.91
Income Distribution	On 28.04.2023	On 22.04.2022	On 23.04.2021
Gross distribution per unit (sen)	3.00	3.00	2.50
Net distribution per unit (sen)	3.00	3.00	2.50
Total Expense Ratio (TER) (%)	1.45	1.44	1.34
Portfolio Turnover Ratio (PTR) (times)	0.17	0.33	0.47

Note:

- i) *TER is calculated based on total fees and expenses incurred by the Fund divided by average value of the Fund calculated on a daily basis. The TER for the year remained the same mainly due to the absence of significant subscription and redemption of the Fund during the year under review.*
- ii) *PTR is calculated based on the average of the acquisitions and disposals of investments of the Fund to the average value of the Fund calculated on a daily basis. The decrease in PTR for the year was mainly due to the lower investment trading volume during the year.*

Fund Performance

PIF

2.3.3 Average total return ended 31 December 2023

	(%)
One Year	+1.47
Three Years	+0.31
Five Years	+2.64

2.3.4 Annual total return for each of the last five financial years

Financial year ended 31 December:	(%)
2023	+1.47
2022	-2.64
2021	+2.17
2020	+5.00
2019	+6.80

Note : All returns above are calculated based on NAV per unit adjusted for income distribution.

Note: Average Total return is derived from Total Return against Number of Years under review.

Data source : Lipper IM

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

Fund Performance

2.4 Pheim Asia Ex-Japan Fund

2.4.1 Portfolio composition

	FYE 31.12.2023 (%)	FYE 31.12.2022 (%)	FYE 31.12.2021 (%)
Industry Sector	(Percentage of Net Asset Value)		
Communications	1.09	2.28	4.93
Consumer Discretionary	9.77	12.15	10.87
Consumer Staples	11.39	9.75	8.16
Energy	4.44	6.97	4.66
Financials	10.88	14.46	8.70
Health Care	8.03	10.47	10.14
Industrials	7.88	12.32	8.68
Materials	12.71	11.84	12.79
Real Estate	2.56	3.62	2.65
Technology	20.55	10.10	13.37
Utilities	0.87	0.67	1.66
Cash and cash equivalents	9.83	5.37	13.39
Total	100.00	100.00	100.00

Fund Performance

PAXJ

2.4.2 Other financial and performance data

	FYE 31.12.2023	FYE 31.12.2022	FYE 31.12.2021
Total NAV (RM'000)	6,348.52	7,331.07	10,390.01
Units in Circulation ('000)	6,411.05	6,999.36	8,256.51
NAV per unit (RM)	0.9902	1.0474	1.2584
Highest NAV	1.1182	1.2710	1.4478
Lowest NAV	0.9613	0.9712	1.2430
Total Returns for the Year (RM'000)			
Capital growth	427.94	(1,670.87)	(1,469.36)
Income distribution	(526.78)	319.84	1,688.94
Income Distribution	On 28.04.2023	On 22.04.2022	On 23.04.2021
Gross distribution per unit (sen)	4.00	5.00	4.00
Net distribution per unit (sen)	4.00	5.00	4.00
Total Expense Ratio (TER) (%)	2.35	2.23	2.02
Portfolio Turnover Ratio (PTR) (times)	0.31	0.42	0.55

Note:

- i) *TER is calculated based on total fees and expenses incurred by the Fund divided by average value of the Fund calculated on a daily basis. The TER for the year increased mainly due to lower average NAV during the year under review.*
- ii) *PTR is calculated based on the average of the acquisitions and disposals of investments of the Fund to the average value of the Fund calculated on a daily basis. The PTR for the year was lower mainly due to the lower investment trading volume during the year.*

Fund Performance

PAXJ

2.4.3 Average total return ended 31 December 2023

	(%)
One Year	-1.68
Three Years	-4.42
Five Years	+4.77

2.4.4 Annual total return for each of the last five financial years

Financial year ended 31 December :	(%)
2023	-1.68
2022	-13.35
2021	+1.83
2020	+28.25
2019	+11.31

Note : All returns above are calculated based on NAV per unit adjusted for income distribution

Note: Average Total return is derived from Total Return against Number of Years under review

Data source : Lipper IM

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

Fund Performance

2.5 Pheim Asia Ex-Japan Islamic Fund

2.5.1 Portfolio composition

	FYE 31.12.2023 (%)	FYE 31.12.2022 (%)	FYE 31.12.2021 (%)
Industry Sector	(Percentage of Net Asset Value)		
Communications	5.15	7.67	8.10
Consumer Discretionary	11.14	13.66	7.30
Consumer Staples	10.72	7.95	9.12
Energy	4.44	9.16	5.86
Financials	2.57	2.80	1.31
Health Care	5.34	6.48	5.18
Industrials	10.89	15.18	12.47
Materials	10.84	8.65	10.37
Real Estate	1.37	1.12	0.72
Technology	24.97	15.84	15.04
Utilities	1.44	1.34	1.33
Cash and cash equivalents	11.13	10.15	23.20
Total	100.00	100.00	100.00

Fund Performance

PAXJI

2.5.2 Other financial and performance data

	FYE 31.12.2023	FYE 31.12.2022	FYE 31.12.2021
Total NAV (RM'000)	25,316.92	25,228.46	26,011.28
Units in Circulation ('000)	45,069.51	42,789.35	36,072.09
NAV per unit (RM)	0.5617	0.5896	0.7211
Highest NAV	0.6343	0.7269	0.8552
Lowest NAV	0.5445	0.5546	0.7044
Total Returns for the Year (RM'000)			
Capital growth	68.54	(3,580.47)	(2,750.43)
Income distribution	342.23	524.23	1,584.49
Income Distribution	On 28.04.2023	On 22.04.2022	On 23.04.2021
Gross distribution per unit (sen)	3.75	5.00	4.00
Net distribution per unit (sen)	3.75	5.00	4.00
Total Expense Ratio (TER) (%)	1.85	1.89	1.76
Portfolio Turnover Ratio (PTR) (times)	0.19	0.28	0.45

Note:

- i) *TER is calculated based on total fees and expenses incurred by the Fund divided by average value of the Fund calculated on a daily basis. The TER for the year was lower mainly due to higher average NAV during the year under review.*
- ii) *PTR is calculated based on the average of the acquisitions and disposals of investments of the Fund to the average value of the Fund calculated on a daily basis. The PTR for the year was lower mainly due to the lower investment trading volume during the year.*

Fund Performance

PAXJI

2.5.3 Average total return ended 31 December 2023

	(%)
One Year	+1.70
Three Years	-4.45
Five Years	+7.28

2.5.4 Annual total return for each of the last five financial years

Financial year ended 31 December:	(%)
2023	+1.70
2022	-11.95
2021	-3.22
2020	+28.36
2019	+22.62

Note : All returns above are calculated based on NAV per unit adjusted for income distribution and unit split.

Note: Average Total return is derived from Total Return against Number of Years under review

Data source : Lipper IM

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

Manager's Report

3 MANAGER'S REPORT

3.1 Performance Review

3.1.1 PECBF

The net asset value (NAV) per unit of the Fund stood at 0.8970 as at 31 December 2023. Taking into consideration the effects of income distribution for the year under review, the NAV per unit has contracted by 0.11%, underperforming the benchmark by 5.91%. In the second half of 2023, the Fund underperformed the benchmark by 11.36%. The total NAV decreased to approximately RM17.33 million from RM18.17 million.

The Fund has made an income distribution of 6.00 sen per unit (net of tax) on 28 April 2023 for the year ended 31 December 2022. After the income distribution, the NAV per unit adjusted to RM0.9194 from RM0.9794.

Performance table since the last review period (6 months):

Total Inception / Fund	Benchmark	Return Since	As at 31.12.2023	As at 30.06.2023	Change %
Benchmark of PECBF			118.86%	107.56%	+11.30
PECBF – NAV per unit (RM)			0.8970 ^a	0.8975 ^a	-0.06

Performance table for financial year 2023 (1 year):

Total Inception / Fund	Benchmark	Return Since	As at 31.12.2023	As at 31.12.2022	Change %
Benchmark of PECBF			118.86%	113.06%	+5.80
PECBF – NAV per unit (RM) (Adjusted for income distribution)			0.8970 ^a	0.9571	-0.11 ^a

^a adjusted for income distribution on 28.04.2023

^a % of change is computed on a like-for-like basis after adjustments to neutralise the effects of the income distribution during the year

3.1.2 DMP

The net asset value (NAV) per unit of the Fund stood at 0.9859 as at 31 December 2023. Taking into consideration the effects of income distribution for the year under review, the NAV per unit has expanded by 0.39%, underperforming the benchmark by 3.64%. In the second half of 2023, the Fund underperformed the benchmark by 7.98%. The total NAV increased to approximately RM 292.23 million from RM274.31 million.

The Fund has made an income distribution of 6.00 sen per unit (net of tax) on 28 April 2023 for the year ended 31 December 2022. After the income distribution, the NAV per unit adjusted to RM0.9990 from RM1.0590.

Manager's Report

3.1.2 DMP (Cont'd.)

Performance table since the last review period (6 months):

Total Inception / Fund	Benchmark	Return Since	As at 31.12.2023	As at 30.06.2023	Change %
Benchmark of DMP			116.33%	107.45%	+8.88
DMP – NAV per unit (RM)			0.9859 [^]	0.9771 [^]	+0.90

Performance table for financial year 2023 (1 year):

Total Inception / Fund	Benchmark	Return Since	As at 31.12.2023	As at 31.12.2022	Change %
Benchmark of DMP			116.33%	112.30%	+4.03
DMP – NAV per unit (RM) (Adjusted for income distribution)			0.9859 [^]	1.0438	+0.39 ^{^a}

[^] adjusted for income distribution on 28.04.2023

^a % of change is computed on a like-for-like basis after adjustments to neutralise the effects of the income distribution during the year

3.1.3 PIF

The net asset value (NAV) per unit of the Fund stood at 0.9862 as at 31 December 2023. Taking into consideration the effects of income distribution for the year under review, the NAV per unit would have expanded by 1.47%, underperforming the benchmark by 1.31%. In the second half of 2023, the Fund underperformed the benchmark by 1.34%. The total NAV decreased to approximately RM 12.45 million from RM12.80 million.

The Fund has made an income distribution of 3.00 sen per unit (net of tax) on 28 April 2023 for the year ended 31 December 2022. After the income distribution, the NAV per unit adjusted to RM0.9901 from RM1.0201.

Performance table since the last review period (6 months):

Total Inception / Fund	Benchmark	Return Since	As at 31.12.2023	As at 30.06.2023	Change %
1-year fixed deposit rate (pro-rated)			70.44%	69.04%	+1.40
PIF – NAV per unit (RM)			0.9862 [^]	0.9856 [^]	+0.06

Performance table for financial year 2023 (1 year):

Total Inception / Fund	Benchmark	Return Since	As at 31.12.2023	As at 31.12.2022	Change %
1-year fixed deposit rate (pro-rated)			70.44%	67.66%	+2.78
PIF – NAV per unit (RM) (Adjusted for income distribution)			0.9862 [^]	1.0017	+1.47 ^{^a}

[^]adjusted for income distribution on 28.04.2023

^a % of change is computed on a like-for-like basis after adjustments to neutralise the effects of the income distribution during the year

Manager's Report

3.1.4 PAXJ

The net asset value (NAV) per unit of the Fund stood at 0.9902 as at 31 December 2023. Taking into consideration the effects of income distribution for the year under review, the NAV per unit would have contracted by 1.68%, underperforming the benchmark by 18.18%. In the second half of 2023, the Fund has underperformed the benchmark by 4.05%. The total NAV decreased to approximately RM 6.35 million from RM 7.33 million.

The Fund has made an income distribution of 4.00 sen per unit (net of tax) on 28 April 2023 for the year ended 31 December 2022. After the income distribution, the NAV per unit adjusted to RM1.0507 from RM1.0907.

Performance table since the last review period (6 months):

Total Inception / Fund	Benchmark Return Since	As at 31.12.2023	As at 30.06.2023	Change %
MCSI Asia Ex-Japan Index		121.23%	120.89%	+0.34
PAXJ – NAV per unit (RM)		0.9902 ^a	1.0284 ^a	-3.71

Performance table for financial year 2023 (1 year):

Total Inception / Fund	Benchmark Return Since	As at 31.12.2023	As at 31.12.2022	Change %
MCSI Asia Ex-Japan Index		121.23%	104.73%	+16.50
PAXJ – NAV per unit (RM) (Adjusted for income distribution)		0.9902 ^a	1.0474	-1.68 ^a

^aadjusted for income distribution on 28.04.2023

^a % of change is computed on a like-for-like basis after adjustments to neutralise the effects of the income distribution during the year

3.1.5 PAXJI

The net asset value (NAV) per unit of the Fund stood at 0.5617 as at 31 December 2023. Taking into consideration the effects of income distribution for the year under review, the NAV per unit would have expanded by 1.70%, underperforming the benchmark by 27.74%. In the second half of 2023, the Fund underperformed the benchmark by 6.23%. The total NAV increased to approximately RM 25.32 million from RM25.23 million.

The Fund has made an income distribution of 3.75 sen per unit (net of tax) on 28 April 2023 for the year ended 31 December 2022. After the income distribution, the NAV per unit adjusted to RM0.5632 from RM0.6007.

Manager's Report

3.1.5 PAXJI (Cont'd.)

Performance table since the last review period (6 months):

Total Inception / Fund	Benchmark	Return Since	As at 31.12.2023	As at 30.06.2023	Change %
MCSI Asia Islamic Ex-Japan Index			124.37%	118.03%	+6.34
PAXJI – NAV per unit (RM)			0.5617 [^]	0.5611 [^]	+0.11

Performance table for financial year 2023 (1 year):

Total Inception / Fund	Benchmark	Return Since	As at 31.12.2023	As at 31.12.2022	Change %
MCSI Asia Islamic Ex-Japan Index			124.37%	94.93%	+29.44
PAXJI – NAV per unit (RM) (Adjusted for income distribution)			0.5617 [^]	0.5896	+1.70 ^{^a}

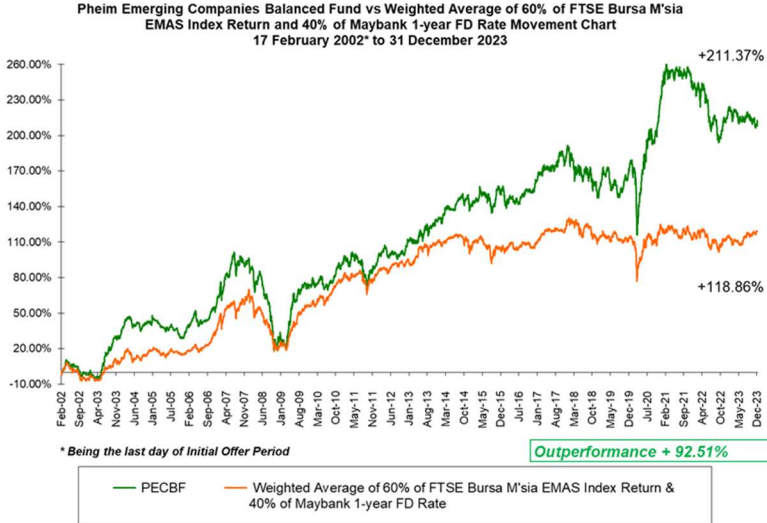
[^]adjusted for income distribution on 28.04.2023

^a % of change is computed on a like-for-like basis after adjustments to neutralise the effects of the income distribution during the year

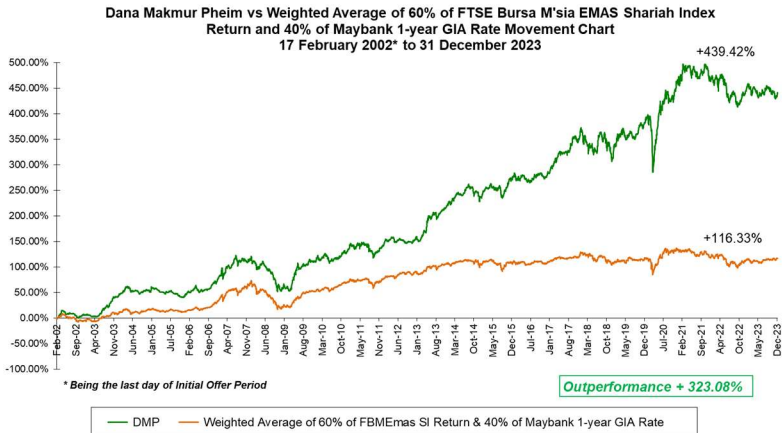
Manager's Report

3.2 Performance Chart Since Inception

3.2.1 PECBF



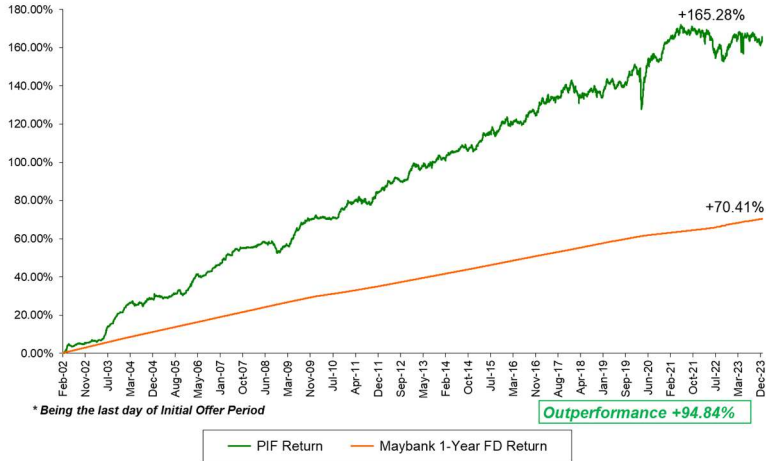
3.2.2 DMP



Manager's Report

3.2.3 PIF

Pheim Income Fund vs Maybank 1-Year FD Rate Movement Chart
17 February 2002* to 31 December 2023



3.2.4 PAXJ

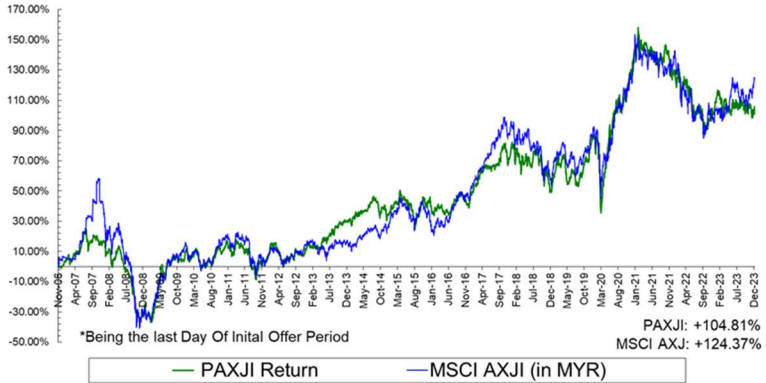
Pheim Asia Ex-Japan Fund
vs MSCI AC Asia Ex-Japan Index Movement Chart
20 July 2006* - 31 December 2023



Manager's Report

3.2.5 PAXJI

**Pheim Asia Ex-Japan Islamic Fund
vs MSCI AC Asia Islamic Ex-Japan Index Movement Chart
21 November 2006* - 31 December 2023**



Note: The data source for all the above performance returns is from Bloomberg.

Manager's Report

3.3 Changes in Asset Allocation since the last review (in percentage)

3.3.1 PECBF

Asset Class	As at 31.12.2023	As at 31.12.2022	Change
Equity Securities – in Malaysia	29.15	28.61	+0.54
Equity Securities – outside Malaysia	28.10	29.85	-1.75
Corporate Bonds	23.90	24.16	-0.26
Cash and cash equivalent	18.85	17.38	+1.47
Total	100.00	100.00	-

3.3.2 DMP

Asset Class	As at 31.12.2023	As at 31.12.2022	Change
Shariah-compliant equity securities – in Malaysia	34.37	40.43	-6.06
Shariah-compliant equity securities – outside Malaysia	19.78	17.05	+2.73
Sukuk	26.10	26.82	-0.72
Cash and cash equivalent	19.75	15.70	+4.05
Total	100.00	100.00	-

3.3.3 PIF

Asset Class	As at 31.12.2023	As at 31.12.2022	Change
Corporate Bonds – in Malaysia	47.96	58.43	-10.47
Money market & cash	23.97	11.64	+12.33
Equity Securities – in Malaysia	13.25	14.62	-1.37
Equity Securities – outside Malaysia	14.84	15.31	-0.47
Total	100.00	100.00	-

Manager's Report

3.3.4 PAXJ

Asset Class	As at 31.12.2023	As at 31.12.2022	Change
Equity Securities – outside Malaysia	55.08	64.85	-9.77
Equity Securities – in Malaysia	35.09	29.78	+5.31
Cash and cash equivalent	9.83	5.37	+4.46
Total	100.00	100.00	-

3.3.5 PAXJI

Asset Class	As at 31.12.2023	As at 31.12.2022	Change
Shariah-compliant equity securities – outside Malaysia	43.88	40.82	+3.06
Shariah-compliant equity securities – in Malaysia	44.99	49.03	-4.04
Cash and cash equivalent	11.13	10.15	+0.98
Total	100.00	100.00	-

3.4 Funds' Strategies and Policies Employed

3.4.1 PECBF

As at end-December 2023, the Fund's asset allocation was 57.25% in equities, 23.90% in fixed income securities and 18.85% in cash. The equity exposure has decreased by 1.21% as a result of asset allocation and investing strategy of the portfolio. During the year, the Fund had invested in foreign equities listed in Hong Kong/China, Singapore, Thailand, Indonesia, Australia and Philippines as part of the diversification strategy.

The exposure of fixed income securities of PECBF decreased to 23.90% from 24.16% in the preceding year amid the challenging fixed income outlook.

Manager's Report

3.4.2 DMP

As at end-December 2023, Dana Makmur Pheim's asset allocation was 54.15% in Shariah-compliant equities, 26.10% in Sukuk and 19.75% in cash. The Shariah-compliant equity exposure has decreased by 3.33% as a result of the asset allocation and investing strategy of the portfolio. During the year, the Fund had invested in foreign equities listed in Hong Kong/China, Philippines, Thailand, Singapore, Australia and Indonesia as part of the diversification strategy.

During the year, the sukuk exposure of DMP decreased to 26.10% from 26.82% in the preceding year amid the challenging sukuk outlook.

3.4.3 PIF

As at end-December 2023, the Fund's asset allocation was 47.96% in corporate bonds, 23.97% in money market/cash and 28.09% in equities. As part of our diversification strategy, the Fund had invested in foreign equities listed in Hong Kong/China, Philippines, Thailand, Singapore, Australia and Indonesia.

The exposure of fixed income securities decreased by 10.47% amid the challenging fixed income outlook.

3.4.4 PAXJ

As at end-December 2023, the Fund's total equity exposure in foreign and domestic equities decreased by 4.46%. As at 31 December 2023, PAXJ's total equity exposure was 90.17% whereby 55.08% was invested in foreign equities and the remaining is in domestic equities.

During the year, the PAXJ has invested in foreign equities listed in Hong Kong/China, Philippines, Thailand, Singapore, Australia, South Korea and Indonesia.

3.4.5 PAXJI

As at end-December 2023, the Fund's asset allocation was 88.87% in Shariah-compliant equities and 11.13% in cash. The Shariah-compliant equity exposure has decreased by 0.98% as a result of price depreciation of certain equities held in the portfolio, following the asset allocation and investing strategy of the portfolio.

During the year, the Fund had invested in foreign equities listed in Hong Kong/China, Philippines, Thailand, Singapore, Australia, South Korea and Indonesia as part of the diversification strategy.

Manager's Report

3.5 Market Review, Outlook and Strategy

3.5.1 Malaysian Bond Market

3.5.1.1 Bond Market Review

Global bond yields rose in the final quarter of 2023 as the US economy steamed ahead despite the 11 consecutive rate hikes leading investors to anticipate that more hikes were forthcoming. The US 10-year yield hit a high of 4.99% before retracing as economic data released in November pointed to a slowing US economy. From November, US treasuries rallied with the 10Y bond yield closing the year below 4.00% as investors assessed that interest rates have finally peaked. The year-end rally lifted all bond segments including rate and corporates (investment grade and high yield) in both emerging and developing markets. Among the ASEAN sovereign bonds, Philippines was the top performer with a total return of 11.10% followed by Indonesia 8.70%, Malaysia 6.40%, Singapore 3.80% and Thailand 3.40%.

3.5.1.2 Bond Market Outlook and Strategy

We reckon that US rate hike cycle is at the tail-end and any rate hike would be minimal moving forward. In fact, in December 2023, the US Federal Reserve released the updated Fed dot plot, which showed a projected 75 bps interest rate cut in 2024 from current fed funds target rate of 5.25%-5.50% as core PCE rose just 0.10% in November 23 and was up 3.20% from a year ago. However, we are still cautious on the massive rate cut as indicated by the Fed Funds Future of six quarter-point cuts in 2024 especially with the recent better-than-expected December 23 US non-farm payrolls, casting some doubt on market expectation that the Federal Reserve would start cutting interest rates in March 24. The earlier guided of 'higher-for-longer' US interest rate could still be possible in view of current Red Sea disruptions which could lead to higher freight charges and export delays. Hence, we still favour short duration bonds as compared to long-term bonds, at least in the 1H2024.

On the local front, we expect BNM to keep OPR unchanged at 3.00% for 2024 in the absence of demand-pulled pressures although monthly CPI is likely to trend higher depending on the pace of subsidy rationalisation. Also, fiscal consolidation helps limit debt issuances which further lend a support to the bond prices. The narrowing rate differential between the 10-year US Treasury (prevailing yield of 4.05%) and MGS (current yield of 3.90%) also bodes well to the MGS.

3.5.2 Stock Markets Review

3.5.2.1 The Malaysian Stock Market – (Bursa Malaysia)

The FBMKLCI Index declined 2.73% during the financial year 2023 to close at 1,454.66 points. The top performers in the KLCI were Malayana Banking (+44.41%), CIMB Group holding (+28.88%) and Tenaga Nasional (+28.07%). The MYR depreciated by 4.30% during the financial year 2023 against the USD, and closed at MYR 4.59 for the year.

Manager's Report

3.5.2.1 The Malaysian Stock Market – (Bursa Malaysia) (cont'd.)

In November 2023, Malaysia's imports showed a positive growth of 1.70%, exceeding market expectations of a 0.80% decline, as reported by the Department of Statistics Malaysia (DOSM). This recovery followed a 0.30% decrease in the previous month, which was revised upward. (Source: tradingeconomics)

On the contrary, Malaysia's exports experienced a 5.90% year-on-year decrease in November 2023, hitting a three-month low at MYR 122.1 billion. This performance fell short of the predicted 5.20% drop and was compared to a revised 4.50% decline in the previous month. The DOSM's export and import data led to a significant narrowing of Malaysia's trade surplus to MYR 12.4 billion in November 2023 from MYR 21.8 billion in the same month the previous year, falling below the market's anticipated RM 17.2 billion. This marked the smallest trade surplus since May 2020. (Source: tradingeconomics)

Furthermore, the S&P Global Malaysia Manufacturing PMI for December 2023 unchanged from previous month, 47.9. Despite representing the 16th consecutive month of declining factory activity, this contraction was the least severe since April. The improvement is attributed to a slower reduction in both output and new orders. (Source: tradingeconomics)

The Department of Statistics has reported that the annual inflation rate in Malaysia decreased to 1.50% in November 2023, compared to the previous month's 1.80%. While food prices have been rising over the past year, costs for health, recreation and culture, education, and restaurants have shown a decrease. Core consumer prices, excluding volatile items such as fresh food and administration costs, increased by 2.00% yoy. (Source: tradingeconomics)

Malaysia Corporate News

According to the group, Petrolim Nasional Berhad (PETRONAS) currently produces about 500,000 barrels per day of liquids and 7,000 million standard cubic feet per day of gas. Over the next three years, they plan to execute approximately 300 facilities improvement plans to maximize production efficiency and ensure the sustainability of oil and gas supply. During this period, some matured assets will be shut down to restore the area to a safe and environmentally stable condition, while disused assets will be assessed for potential reuse or repurposing. They project around 45 projects to be done in Peninsular and East Malaysia, including the fabrication of central processing platforms, the construction of three onshore facilities, and the fabrication and installation of 1,130km of pipelines. (Source: theedge)

In 1QFY24, Top Glove Corp Bhd recorded a net loss of RM57.71 million, an improvement from the net loss of RM168.24 million the previous year, attributable to the group's efforts to enhance operational quality and optimize costs. Cheong Guan noted that the demand for the past month of 2023 has increased due to a rise in hygiene and health awareness, rather than solely due to the current COVID situation. Wee Chai mentioned that geopolitical tension between China and the US has led US customers to return to sourcing their gloves from Malaysia, and local glove demand is expected to increase due to these issues. (Source: theedge)

Manager's Report

3.5.2.1 The Malaysian Stock Market – (Bursa Malaysia) (cont'd.)

Malaysia Corporate News (cont'd.)

Maxis Bhd has extended its high-speed broadband (HSBB) premium service agreement with Telekom Malaysia Bhd (TM) until June 30, 2029. The amendment, signed through Maxis Broadband Sdn Bhd and TM Technology Services Sdn Bhd, enables Maxis Broadband to procure premium services, expanding HSBB coverage nationwide. TM stated the modification improves services provided to Maxis Broadband, positioning it as TMT's premium customer for HSBB premium services with enhanced features. The agreement, effective until June 30, 2029, allows for extension by both parties. The collaboration, initiated in 2010 for ten years, underscores their commitment to seamless connectivity aligned with Malaysia's digital economy blueprint. (Source: theedge)

By early 2025 F&N is expecting to begin the first milking. Upon the completion of first phase of the group's dairy farm in Negeri Sembilan, they want to produce 100 million litres per annum for phase one and likely to be the largest dairy farm in South-East Asia. Other than fresh milk line, acquisition of cocoaland and sri nona have begun contributing to the group's revenue. For the upcoming plan the management will launch new plant-based oat milk for barista and refresh cocoaland's brand products with a new look. (Source: theedge)

Guan Chong stated in a Bursa Malaysia that the cocoa business has faced problems in the global macro environment this year, which have been driven by factors such as rising interest rates and global inflation. Furthermore, the El Nino weather phenomena, black pod illnesses, and swollen shoot virus have all contributed to lower supply, leading in a rise in cocoa prices, according to the report. Guan Chong managing director and chief executive officer Brandon Tay Hoe Lian said in a separate statement that the group's strategic venture into the industrial chocolate business, which included investing in the century-old SCHOKINAG-Schokolade-Industrie, is bearing fruit and contributing significantly to the group's earnings. (Source: theedge)

Malaysia Market Outlook and Strategy

The Fed's decision to no longer aggressively increase interest rates has provided relief to the Malaysian ringgit. Anticipating a decline in US interest rates, we expect further support for the ringgit in 2024. Despite the decrease in US interest rates, China's economy faced challenges in 2023. However, we anticipate a resurgence in China's economy in 2024. Overall, optimism prevails for the domestic equity market in 2024. Based on data from the Statistics Department and Finance Ministry, we observe expansion across all sectors and improved prospects in global trade.

3.5.2.2 The Singaporean Stock Market - Singapore Stock Exchange (SGX)

The Straits Times Index decreased 0.34% YoY to close the year at 3240.27 points, with Jardine Matheson Holdings Ltd (-15.18%), Hongkong Land Holdings Ltd (-20.23%), and Thai Beverage PCL (-20.56%) dragging the index for the year. The SGD appreciated 1.46% YoY against the USD and closed at SGD 1.3203USD at the end of the year. (Source: tradingeconomics)

Manager's Report

3.5.2.2 The Singaporean Stock Market - Singapore Stock Exchange (SGX) (cont'd.)

Singapore's GDP grew by 2.80% YoY in 4Q2023, accelerating from a marginally revised 1.00% advance in 3Q, flash data showed. This was the 12th straight quarter of economic expansion and the strongest pace since 3Q2022, as the city-state's recovery gained traction. For the whole year, the economy advanced 1.20%, easing from a 3.60% growth in 2022. (Source: tradingeconomics)

Singapore's annual inflation rate dropped to 3.60% in November from 4.70% in the previous month. It was the lowest reading since October 2021, coming less than market forecasts of 3.80%. Monthly, consumer prices declined by 0.20%, the first drop in four months after a 0.20% rise in October. (Source: tradingeconomics)

Singapore's manufacturing production grew 1.00% YoY in November, easing sharply from an upwardly revised 7.60% gain in the previous month and below market expectations of a 3.10% rise. On a monthly basis, manufacturing activity plunged 7.80%, compared to market estimates of a 7.10% drop, reversing sharply from an upwardly revised 9.90% increase in October. (Source: tradingeconomics)

Singapore Corporate News

ComfortDelGro will increase taxi commissions for app and phone-booked rides to 7.00% from 5.00% from Jan 1, 2024. On Dec 26, Chinese language daily Lianhe Zaobao reported the rate hike which follows a fare increase and extended surcharge hours intended to defray higher operating costs for taxi drivers. However, ComfortDelGro's competitors have gone the other way in terms of commission rates. Gojek has cut commissions to 10.00% to at least the end of 2024, while Ryde will be doing away with commissions until the end of next year.

Nanofilm Technologies International is acquiring a German company providing coating services for 6.8 million euros (\$9.93 million), to speed up its growth in Europe. Based in Augsburg, Germany, AxynTeC is owned by Dr Bernd Schey and Dr Claus Hammerl and serves mainly consumer, industrial and medical industries. According to Nanofilm Technologies, the acquisition can help broaden its customer base with a wider range of product offerings. Nanofilm believes that AxynTeC's proprietary diamond-like carbon equipment and advanced materials are complementary to its own physical vapour deposition equipment and coating portfolio. As of Sept 30, AxynTeC's NTA was nearly 1.11 million euros. No profit and loss information was provided.

Keppel DC REIT's tenant for its data centres at Guangzhou has not paid its rent for four months and the REIT manager has issued a letter of demand for RMB48.3 million. According to Keppel DC REIT, the tenant, Guangdong Bluesea Data Development Co leases Guangdong Data Centres 1, 2 & 3. The tenant is required to pay the rental arrears of RMB45 million as at Dec 15, and recoveries including late payment interests and real estate taxes of RMB3.3 million. Keppel DC REIT wants the tenant to top up its security deposits of RMB32.2 million too. According to the REIT, these data centres contributed around 8.50% of its gross revenue for 3Q23. On a full-year basis, if the rent, coupon, and other costs linked to these properties cannot be recovered as at Dec 31, the REIT estimates there will be a

Manager's Report

3.5.2.2 The Singaporean Stock Market - Singapore Stock Exchange (SGX) (cont'd.)

Singapore Corporate News (cont'd.)

0.655 cents per unit hit on its distribution for its coming FY2023, equal to some 6.40% of its FY2022 DPU. The rental arrears issue of this tenant has been flagged by the REIT earlier. While the tenant has been paying up in instalments, it has only done so up till October.

Manulife US REIT's unitholders voted overwhelmingly for all three resolutions at EGM. Resolution 1 was the sale of Park Place to the sponsor for US\$98.7 million. Resolution 2 - over which there was much debate - was to approve the sponsor loan of US\$137 million at an interest rate of 7.25% a year with a success fee of 21.1%. Resolution 3 provided the manager and the lenders with the authority to divest 'non-core' properties, at a minimum sum of US\$328.7 million.

ST Engineering has won a contract to upgrade from the Ministry of Defence to upgrade the Formidable-class frigates for the Republic of Singapore Navy. ST Engineering will undertake the design and engineering of the upgrade of the frigates' marine and electrical systems, including its ship management and power generation systems. The frigates will be upgraded progressively, the first of which is expected to be completed in 2028. As with its defence-related contracts, the dollar value of the orders is not disclosed. Prior to this, ST Engineering has built up a record orderbook of \$27.5 billion as of Sept 30. ST Engineering has also agreed to acquire 100% of the shares of D'Crypt from an indirect subsidiary of Starhub for a cash-free and debt-free purchase initial consideration of \$67.5 million. There will also be an earn-out consideration of \$5 million which is conditional upon meeting the stipulated earn-out milestone. D'Crypt was established in 2000 and specialises in cryptographic technology design and offers solutions in encrypted communications, single chip crypto token, secure computing and high-performance computing. ST Engineering expects this proposed acquisition to be cash flow positive from the first year. The group expects the proposed acquisition to be earnings accretive by the second year after the completion, after factoring in financing cost, transaction and integration expenses and amortisation of intangibles. The transaction is expected to be completed in 1Q24.

Singapore Market Outlook and Strategy

We remain cautious on the Singapore market, given the uncertainties clouding the global economic outlook. The economy is expected to improve gradually in 2H24, and IMF projects a 2.10% growth for 2024, from 1.00% in 2023. We will continue to look for opportunities, favouring companies which demonstrate low valuations, low leverage, high growth, robust management and a strong track record.

3.5.2.3 The Hong Kong Stock Market – Hong Kong Stock Exchange (HKSE)

The CSI-300 Index declined 11.38% for the year ended December 31st, 2023 to close at 3,431.11 points. The top three best performing counters were Zhongji Innolight Co Ltd (+318.47%), Cambricon Technologies (+147.36%) and Cinda Securities Co Ltd (+118.49%). The Hang Seng Index declined 13.82% for the year ended December 31st 2023 to close at 17,047.39 points. The top three best performing counters were Li Auto Inc. (+91.54%), Lenovo Group Ltd (+78.02%), and PetroChina Co Ltd (+56.75%).

Manager's Report

3.5.2.3 The Hong Kong Stock Market – Hong Kong Stock Exchange (HKSE) (cont'd.)

China's economy gained momentum in third quarter as people ramped up spending on everything from restaurants and alcohol to cars, offsetting a drag from the property crisis and putting Beijing's annual growth goal well within reach. Gross domestic product for the three months ended September expanded 4.90% year-on-year and 1.30% from the previous quarter, far exceeding economists' expectations as government stimulus efforts appeared to take root. The figures got a boost from bumper retail sales growth last month, which recorded the biggest jump since May. The jobless rate was the lowest in nearly two years. Industrial output rose 4.50% in September from a year earlier, above the median estimate of a 4.40% increase. Retail sales expanded 5.50% in September; median forecast was 4.90%. Fixed-asset investment increased 3.10% in the first nine months of the year compared to the same period in 2022, lower than the median forecast of 3.20%. Property investment fell 9.10% in the January-to-September period, worse than projections. The jobless rate was 5.00% at the end of September, improving from August period from a year prior, data released by the National Bureau of Statistics showed. That was stronger than the median forecast among economists of a 4.50% expansion. Compared to the second quarter, GDP grew 1.30%, better than expectations.

Chinese authorities relaxed home buying curbs in Beijing and Shanghai, extending efforts seen in major cities to stem an unprecedented housing downturn. The nation's capital cut the down-payment ratio for second homes to 40% or 50%, depending on the locations of the properties, the Beijing Municipal Commission of Housing and Urban-Renewal Development on its website. That compares with a previous threshold of 60% or 80%, depending on the size and value of residences. Beijing also lowered the down-payment ratio for first homes to 30%, from 35% or 40% earlier. And the city allowed more residences to qualify for lower mortgage thresholds by relaxing the definition of so-called non-luxury homes for the first time since 2014. Shanghai cut the down-payment ratio for first-home buyers to 30% and lowered the ratio to 50% for second-home buyers, China Central Television reported. It also changed the definition of so-called non-luxury homes, effectively allowing more residences to qualify for lower mortgage thresholds.

China's manufacturing activity unexpectedly shrank in fourth quarter, signalling that the economic recovery is losing momentum and pressuring policymakers who are trying to shore up growth. The latest December manufacturing purchasing managers' index fell to 49.0 from 50.6 in September. The disappointing numbers have stoked concern about the fragility of the economic recovery and fueled calls for more policy support.

Hong Kong & China Corporate News

Anta also announced that it took a 75% stake in Maia Active Clothing, a yoga clothes maker for women (average selling price of RMB 399 - is not cheap, perhaps competing with Lululemon). Background on Maia Active which was founded in 2016 in Shanghai. After achieving rapid growth through online channels, the company expanded the offline market through DTC (direct to customer) business model. Sales value through all the channels exceeded RMB300m in 2021, recording a CAGR of 166%. In 2022, Maia Active achieved sales of RMB500m and turned profitable. The purchasing users and members exceeded 350,000 (+84% yoy) and 400,000, respectively, as of end 2022. Average number of pieces purchased by the brand's repeat users is 25% higher than that of new users.

Manager's Report

3.5.2.3 The Hong Kong Stock Market – Hong Kong Stock Exchange (HKSE) (cont'd.)

Hong Kong & China Corporate News (cont'd.)

In 2022, per customer transaction value exceeded the industry average by four times and grew by 12% yoy. As of end-Apr 23, Maia Active had 32 stores in Tier-1&2 cities, and the brand expects to reach 40 stores by end-23. Though Maia is having more members in China vs Lululemon but could this market segment is a bit overcrowded now. Anta Sports hosted an Investor Day in Beijing, outlining its strategy and 12-month outlook for its multi-brand portfolio. No change in FY23E guidance; new sales growth targets in FY23-26F for its brands, including Anta (10-15%), Fila (10-15%), Descente (30-35%), and Kolon Sports (20-25%).

Xiaomi Corp. unveiled the company's first electric vehicle, declaring ambitions to become a top global carmaker in 15 to 20 years and compete against Tesla Inc. and Porsche AG. The SU7, which stands for Speed Ultra, rolled onto a stage at the China National Convention Center in Beijing with no drivers visible, ending a presentation by CEO and co-founder Lei Jun in front of thousands of people. Lei spent hours detailing the car's features, which include a range of up to 800 kilometers (500 miles) on a single charge, adjustable spoilers, unique colors and a top speed of 265 kilometers an hour. The five-seat sedan will be powered by batteries from Chinese market leaders Contemporary Amperex Technology Co. Ltd. and BYD Co., depending on whether it has a single or dual motor configuration. The Chairman Lei Jun also admitted that the price is indeed a bit expensive. There was no data regarding the SU7's ordering situation and delivery schedule. The rumored price of RMB99,000 or RMB149,000 is impossible.

Hong Kong & China Market Outlook and Strategy

We are becoming more optimistic on China's economy given potential policies support to maintain growth and stability. The re-opening of economy has helped to revive economic activities and investors' confidence. Valuation is also becoming more attraction after weak performance in 2022. We think it is necessary for the Chinese government to address the structure imbalances for a more balance and sustainable recovery. At present, the regulatory environment focuses on social stability over growth. We continue to favour companies with robust fundamentals, low valuations, good management, and low leverage.

3.5.2.4 The Indonesian Stock Market – Jakarta Stock Exchange (JSE)

The JCI Index gained +6.16% for the full year 2023 to close at 7,272.80 points on the final trading day of 2023. The top index movers for year 2023 were Barito Renewables Energy (+859.00%), Bank Rakyat Indonesia (+24.90%) and Bank Mandiri (+27.50%). In 2023, the Indonesian rupiah appreciated by +1.12% against the USD to close the year at IDR 15,399 per USD.

Manager's Report

3.5.2.4 The Indonesian Stock Market – Jakarta Stock Exchange (JSE) (cont'd.)

Indonesian defence minister and presidential hopeful Prabowo Subianto has extended a commanding lead in the polls ahead of February's election, with a series of recent surveys showing the former general now has a more than 20-point lead. The latest poll, released by Kompas on Monday (Dec 11), showed that Prabowo and his running mate, President Joko Widodo's 36-year-old son Gibran Rakabuming, garnered 39.30% of the vote. The survey placed former Jakarta governor Anies Baswedan as his closest opponent with 16.70%, followed by Ganjar Pranowo with 15.30%. This is the first time a poll has shown Anies surpassing Ganjar, and reflects a rising trajectory indicated by other recent polls. (Source: thestar.com.my)

Indonesia's central bank stood pat on its main policy rates at its last meeting for the year on Thursday, as expected, saying current levels were consistent with efforts to maintain FX stability and keep inflation within its target range. Bank Indonesia (BI) kept the benchmark 7-day reverse repurchase rate at 6.00%, where it has been since October. It also kept overnight policy rates steady. All economists polled by Reuters had expected BI to left rates unchanged, predicting its board of governors would start loosening monetary policy in the third quarter of 2024. (Source: thestar.com.my)

Indonesia's economy grew by 1.60% qoq in Q3 of 2023, falling short of market consensus of 1.71% and sharply easing from 3.86% in Q2. Private consumption dropped 0.45%, after a 3.09% rise in Q2, amid a prolonged drought that caused a sharp rise in cost of staple food, particularly rice. Also, government spending shrank 3.63% following a 41.38% jump in Q2. Meantime, fixed investment rose 7.70%, an upturn from a 1.26% fall previously. Net trade contributed positively, as exports went up 7.07% while imports rose at a softer 5.88%. On the production side, output growth fell for agriculture (1.60% vs 15.32% in Q2), wholesale & retail trade (2.17% vs 2.51%), transport (1.84% vs 6.18%), and information (1.31% vs 3.39%). At the same time, activity shrank for state administration (-17.74% vs 15.80%), and other services (-2.00% vs 3.91%). By contrast, output quickened for mining (5.31% vs 3.65%), manufacturing (3.48% vs 0.47%), utilities (3.77% and 1.42%), and real estate (1.25% vs 0.60%). (Source: Statistics Indonesia)

Indonesia Corporate News

Dayamitra Telekomunikasi (MTEL) acquired 54 towers from XL Axiata (EXCL). MTEL has acquired XL Axiata's 54 towers (63 tenants, a tenancy ratio of 1.16x), with 53 of them leased back to XL Axiata. The transaction was done on September 25th with a value of Rp36.6bn, or equivalent to Rp678mn/tower. MTEL also claimed that it succeeded in acquiring 79 new tenants, which will boost the tenancy for the newly acquired tower from EXCL. As of 1H23, MTEL has 36.7k towers with 54.7k tenants.

Bank Syariah Indonesia (BRIS) is expanding to the Middle East. BRIS has received full license approval for a branch in Dubai, United Arab Emirates and will add a branch in Saudi Arabia. With a full license in Dubai, BRIS can run a series of services, including export and import transactions, syndication, capital markets desk, and agent for sukuk. Meanwhile, in BRIS's efforts to add branch offices in Saudi Arabia, BRIS is targeting the Hajj and Umrah pilgrim market.

Manager's Report

3.5.2.4 The Indonesian Stock Market – Jakarta Stock Exchange (JSE) (cont'd.)

Indonesia Corporate News (cont'd.)

According to BNI Sekuritas, Indonesia's healthcare sector is set for robust earnings growth, driven by higher patient numbers stemming from a stronger economic outlook that will positively impact household incomes. Coupled with extensive hospital expansion plans by healthcare companies, this is expected to yield a remarkable +29% earnings growth in FY24F (FY23F: 21%). The sector is also projected to maintain a strong earnings CAGR of 24% for FY22-25F. Among Indonesia's healthcare stocks, BNI Sekuritas' favourite is Siloam International Hospitals (SILO).

United Tractors (UNTR) expects Komatsu sales to decline by 30% or more in 2024 due to slowing demand from the construction sector amidst the general election as well as risks of slower demand from the nickel mining sector. The company added that competition in the small to medium equipment segment is intensifying especially from Sany which has aggressively penetrated Indonesia's market particularly in the nickel and construction sectors and Hitachi in the forestry sectors. (Source: Mandiri)

Indonesia Market Outlook and Strategy

In 2024, the Indonesian economy is expected to continue on its path of steady growth with market estimating a 5% growth, similar to the projected growth of 5% for 2023. Economic growth is expected to be front loaded in the first half of 2024 given the elections due to be held in February and the Ramadhan season. Indonesia is likely to face challenges in the second half of the year however from weak consumer sentiment especially in the middle to low income groups as evidenced by recent corporate financial results. We remain positive however on the longer term prospects of the Indonesian market as it is the most populous nation in SEA with plenty of untapped growth opportunities.

3.5.2.5 The Thai Stock Market – Stock Exchange of Thailand (SET)

The Thailand SET Index declined 15.15% in 2023 to close at 1,415.85 points. The Index's top movers were Delta electronic thailand (+6.72%), PTT PCL (+4.26%) and Advanced Info Services (+2.91%), whilst top losers were Airports of Thailand (-7.69%), Energy Absolute (-6.64%) and CP Axtra (-4.22%). The Thai baht depreciated 0.95% against the USD for the year, and closed at THB 34.28.

In December 2023, the S&P Global Thailand Manufacturing PMI took a significant downturn, plummeting to 45.1. This marked the most substantial decline in manufacturing since June 2020 when it recorded 47.6. This contraction was fueled by a reduction in output, a phenomenon not seen since August 2021, coupled with accelerated drops in new orders amid a backdrop of deteriorating economic conditions. Employment witnessed a slight decline, while purchasing activity dwindled due to increased costs and diminished production. The performance of the supply chain contracted at the swiftest rate since April 2022. Input price inflation surged to its highest level since April, leading to an uptick in output cost inflation as businesses shared the burden of increased costs. Furthermore, business sentiment hit a four-month low due to growing concerns about the economic outlook, dampening overall optimism. (Source:tradingeconomics)

Manager's Report

3.5.2.5 The Thai Stock Market – Stock Exchange of Thailand (SET) (cont'd.)

According to the Bank of Thailand, Thailand's business confidence indicator inched up to 49.1 in December 2023, showcasing a marginal improvement from the previous month's 49.0. Imports to Thailand exhibited a 10.10% year-on-year increase in November 2023, following a 10.20% gain in the preceding month. This consecutive monthly expansion in imports can be attributed to the recovery in domestic demand, driven by initiatives from the new government led by Prime Minister Srettha Thavisin, including the distribution of cash handouts. Notably, many of the materials imported by Thailand are assembled into finished products before being exported. (Source:tradingeconomics)

Thailand Corporate News

Thailand's seaweed snack, Taokaenoi, experienced a robust year-on-year growth in export sales, coupled with a notable month-on-month rebound. However, sales saw a decline during the distributor transition in Indonesia in September and October 2023. Management anticipates a resurgence in sales post the transition period, expecting an upward trajectory from November 2023 onwards. Additionally, the company aims for a substantial around 30% sales growth in 2024. CLSA Research maintains a BUY rating, setting a target price of Bt15.2 based on a Discounted Cash Flow (DCF) valuation. Presently, it trades at 14.6x FY24 PE. The stock has witnessed a 28.80% decrease in its share price over the past 3 months.

As per RHB Research, Supalai is engaging in new property investments, with ongoing development in 12 existing projects across four cities in three states, totaling an investment value of AUD5.39 billion. The company holds varying stakes (ranging from 11% to 50%) in each project. This new investment round involves collaboration with a sole partner, Stockland Communities Partnership HoldCo, providing a >10-year investment horizon for long-term growth in its Australian business. Aggressive investments are set to commence from 2Q24, with anticipated performance recognition from the 12 projects starting in 3Q24 through profit-sharing from the joint venture. The full-year impact is expected in FY25, with projected profit-sharing from the JV expanding to >THB1 billion, compared to the expected THB300 million for FY23.

BCPG has agreed to sell its entire portfolio of power plants in Japan, totaling 116.96 MW capacity, to Obton A/S Group for THB6,935 million, with the transaction expected to conclude in 1Q24. This divestment allows BCPG to exit low-return projects and reinvest in higher-return initiatives, particularly new power plants in the United States. With a debt issuance headroom of up to THB58 billion, along with THB9.1 billion in cash on hand, BCPG is well-positioned for strategic initiatives. Management foresees THB6 billion in M&A agreements in FY24E, in addition to THB7 billion in divestiture profits. Maybank analysts endorse a buy on BCPG, raising the end-FY24 target price by 5% to THB 11.7, expressing optimism in the divestments improving the Internal Rate of Return (IRR) through a shift to higher-return projects. There is an estimated 10% potential upside to fair value if BCPG reinvests all proceeds and executes its M&A plan effectively.

Manager's Report

3.5.2.5 The Thai Stock Market – Stock Exchange of Thailand (SET) (cont'd.)

Thailand Corporate News (cont'd.)

The three new hospitals of Bangkok Chain Hospital (BCH TB) have demonstrated positive EBITDA since 2Q23, contributing 2% to BCH's EBITDA in both 2Q23 and 3Q23. These facilities collectively achieved an EBITDA margin of 9% in 2Q23 and 10% in 3Q23, contrasting with BCH's overall EBITDA margin of 22% and 27% in the corresponding quarters. CGS CIMB has a buy recommendation with a target price of THB26.40. Despite expectations that these hospitals won't reach profitability until FY26F, there is anticipation of their diminishing impact on BCH's EBITDA margin. The Stock Exchange of Thailand (SET) granted BCH an AA rating on Nov 6, 2023, and it was incorporated into SET's sustainable investment universe and SETESG Index for 1H24. Although BCH has notably improved its ESG performance in recent years, there is recognition of the potential for enhancement in its Governance score, identified as lacking by certain ESG rating agencies such as Bloomberg.

Thailand Market Outlook and Strategy

We turn neutral for Thailand considering that SET Index's 12-month forward PE of 15.2X and GDP growth of 3.60% is the least attractive among ASEAN markets. We believe there will be few catalysts in 1H24F, one of the government's main stimulus measures, is the digital e-wallet program if it passes through parliament it is expected to go into effect in May 2024F. Growth should still be supported by the tourism upswing and resilient private consumption. Exports face global external headwinds, but the pace of decline appears to be easing and should start to recover next year.

3.5.2.6 The Taiwanese Stock Market – Taiwan Stock Exchange (TSE)

The TWSE index closed for the year ended December 31st, 2023 at 17,930.81 points, gaining 26.83%. The top three best performing counters were Fortune Electric Co Ltd (+585.10%), In Win Development Inc. (+453.79%) and Dynamic Holding Co Ltd (+448.28%).

Taiwan's gross domestic product (GDP) growth is expected to hit 3 percent in 2024 on the back of "stronger activity in the tech sector," up from an expected 1.20 percent increase in 2023, despite the still-sluggish global economy, according to Taiwan Ratings. Taiwan Ratings, a local partner of S&P Global Ratings, said in a research report that Taiwan's economic growth is expected to bounce back, with exports expected to rise in 2024 due to recovery in the tech sector -- which serves as the backbone of the country's exports. Estimates show Taiwan Ratings was more cautious than the government, following a forecast from the Directorate General of Budget, Accounting and Statistics (DGBAS) that the local economy would grow 3.35 percent in 2024. It predicts that 2023 growth will hit 1.42 percent.

Manager's Report

3.5.2.6 The Taiwanese Stock Market – Taiwan Stock Exchange (TSE) (cont'd.)

Taiwan latest export orders totalled US\$50.63bn in November, down 4.20% MoM (down 5.40% seasonally adjusted), but up 1% YoY, returning to growth after 14 consecutive months of YoY contractions. However, the figure was below our forecast of 4.20% YoY growth and the consensus of a 5.20% YoY growth. Order growth from major products improved; downstream electronics outperformed. Orders from the ASEAN improved the most, while orders from Japan experienced the worst decline. Export orders resumed expected YoY growth in November; the projected 2024 export orders to grow in the mid-to-high single digits.

Taiwan's consumer confidence index gained 0.66 points to 70.06 in December, driven by an advance in stock investment sentiment, Taipei Times reported Thursday, citing a National Central University survey. This marks an improvement for the third consecutive month to reach a 20-month high, the survey showed. The index gauges people's confidence levels of employment prospects, family finances, consumer prices, the economic outlook, stock investment interest and intentions of durable goods consumption over the subsequent six months, the report said.

Taiwan Corporate News

Lite On 3Q23 EPS beat, boosted by gross margin strength. 3Q23 revenue grew 7% QoQ to NT\$40.0bn but was 6% below our forecast on weak consumer and EV charger demand. Gross margin of 23.60% was another record-high, up 0.3ppts QoQ, vs. consensus of 22.30%, demonstrating strong margin sustainability. Operating margin was flat QoQ at 11.60%, as IT operating margin further expanded QoQ to 17.70%, while cloud & AIoT operating margin rose 2.5ppts QoQ to 14.80%. Server power revenue was capped by GPU constraints, but still rose by high-teens YoY, while IT revenue recovered 14% QoQ. 4Q23F revenue guided up slightly QoQ. Lite-On expects 4Q23F server power and IT revenue to grow QoQ, assuming ramping Nvidia (US) H100 GPU supply shores up AI server PSU shipments. It guides sustained IT revenue growth on NB shipments returning to positive YoY growth from 3Q23F onwards, with desktop likely to follow suit in 1Q24F. The firm acknowledges that consumer (LED & AIoT) recovery has been slower than expected, and that the UAW strike will hinder auto electronics sales this quarter. We trim 4Q23F revenue to NT\$40.3bn, up 1% QoQ, for gross margin of 23.30% and EPS of NT\$1.90. More system solutions to rollout. Lite-On reiterates AI server will account for 10-15% and 15%+ of server power revenue in 2024-25F, implying that investor concerns of market share loss are overdone.

TSMC 3Q23 results slightly ahead of our estimates & consensus. 3Q23 gross margin came in at 54.30%, above forecast and consensus of respective 53.20% and 52.90%, mainly due to stronger N3 demand and forex tailwinds. EPS was NT\$8.14, also higher than estimate and consensus of NT\$7.24 and NT\$7.36, on non-operating income. TSMC guides 4Q23F sales to reach US\$18.8-19.6bn, implying that 2023F sales will decline less than 10% YoY, which is slightly better than the firm's previous guidance. The firm also said that 2023F capex guidance is US\$32bn, allaying recent market concerns of a downward revision for both sales and capex. In addition, the firm highlighted that end demand for smartphones and PCs has stabilized, echoing our view that restocking demand has returned, and could continue into 1Q24F.

Manager's Report

3.5.2.6 The Taiwanese Stock Market – Taiwan Stock Exchange (TSE) (cont'd.)

Taiwan Market Outlook and Strategy

Taiwan remains on our watchlist as a potentially attractive investment destination, the depth of the electronics supply chain present opportunities to identify good companies that are less well-owned compared to the semiconductor sector. We are also exploring investment into non-electronics sector that will benefit from global structural trend. We continue to favour companies which demonstrate low valuations, low leverage, high growth, robust management and a strong track record.

3.5.2.7 The Philippines Stock Market – The Philippines Stock Exchange (PSE)

The Philippines Stock Exchange Composite Index tumbled -1.77% in 2023 to close at 6450.04 points. The index's top laggards were JG Summit (-23.54%), Aboitiz Equity Ventures (-20.48%) and ACEN Corp. (-42.07%), while the top movers were BDO Unibank (+26.33%), International Container Terminal Services (+29.90%) and Manila Electric (+42.02%). The Philippine Peso appreciated +0.64% against the USD for the year, and closed at PHP 55.385.

The Central Bank of the Philippines held its benchmark interest rate at 6.50% in December 2023, in line with market expectations, and paused for the second consecutive meeting as inflationary pressures began to ease. In November, the country's headline inflation slowed to a one-and-a-half-year low of 4.10%, falling from 4.90% in the previous month and nearing the regulators' target range of 2% to 4%. Also, inflation forecasts were revised lower to 6.00% from 6.10% in 2023 and to 4.20% from 4.40% in 2024. Despite the slowdown, policymakers deemed that policy would stay tight for longer and were ready to adjust if necessary, as overall risks to inflation remained tilted on the upside.

The annual inflation rate in the Philippines slowed to 4.10% in November 2023 from 4.90% in the previous month and coming less than market estimates of 4.30%. It was the lowest rate since March 2022, mainly due to lower inflation for food & non-alcoholic beverages (5.70% vs 7.00% in October), and the decline in prices for transport (-0.80% vs 1.00%). In addition, costs eased for the rest of sub-indexes, particularly restaurant & accommodation services (5.60% vs 6.30%), clothing & footwear (4.30% vs 4.80%), and furnishings, household equipment and maintenance (4.70% vs 5.30%). Meanwhile, the core inflation rate, which excludes food and fuel, decelerated to 4.70% from a prior 5.30%, marking the lowest rate since August 2022. On a monthly basis, the CPI grew 0.20%, reversing a 0.20% fall in October.

The Philippine GDP expanded 5.90% year-on-year in the third quarter of 2023, up from a 4.30% growth in the previous period and beating market forecasts of a 4.70% rise. It marked the 10th consecutive quarter of yearly expansion, supported by a strong rebound in government spending (6.70% vs -7.10% in Q2) and a further rise in fixed investments (7.90% vs 4.00%). Also, net trade contributed positively to the GDP, as exports grew 2.60% (vs 4.40%), while imports fell 1.30% (vs 0.20%). In contrast, growth slightly eased for household consumption (5.00% vs 5.50%). On the production side, all major economic sectors showed accelerated upturns, namely agriculture, forestry & fishing (0.90% vs 0.20%), industry (5.50% vs 2.10%), and services (6.80% vs 6.10%). For January-September, the GDP growth is at 5.50%, remaining below the government's full-year target of 6% to 7%.

Manager's Report

3.5.2.7 The Philippines Stock Market – The Philippines Stock Exchange (PSE) (cont'd.)

The S&P Global Philippines Manufacturing PMI fell to 51.5 in December 2023 from 52.7 in November, retreating from nine-month highs and posting the weakest growth in three months, but remaining expansionary for the fourth straight month. Growth in output remained solid, in part reflecting a sustained rise in new orders. Moreover, goods producers raised their purchasing activity again, following the first fall in input buying 15 months during November. Inflows of new work rose only modestly and at the weakest pace in four months, as demand conditions softened. Moreover, manufacturers were able to keep on top of their workloads and reduce their backlogs sharply in December. This, combined with the slowdown in growth in new orders, prompted Filipino goods producers to further pare back their workforce numbers.

Philippines Corporate News

Metropolitan Bank (MBT)'s 9M23 net income of PHP31.8b (+35.60% YoY) is in line with Maybank Research and street estimates. Growth was primarily driven by 24.40% growth in net interest income YoY. Given in line results, the Broker's FY23/24 earnings forecasts are unchanged, as well as its GGM-based TP of PHP70 (0.8x P/BV). Maintain BUY given cheap valuations, still healthy core income growth and high NPL buffers, which gives it flexibility to reduce credit costs in the future. Moreover, given MBT's high capital ratios, it believes there is potential for another round of special dividends in 2024. MBT could also benefit from potential rate cuts in the form of trading gains given its relatively higher percentage of FVOCI to total investments. Lending growth further slowed to 7% YoY from 8.60% in 2Q23, dragged by the corporate (+6%), SME (-2%) and mortgage segments (-1%). Weakness in the corporate segment is largely due to high interest rates, with businesses deferring lending and dipping into their savings deposits in the meantime. Consumer loan growth remained strong at 16% YoY, driven by credit cards (+29%) and auto (+22%). It expects stronger growth in 4Q23 in corporate loans as companies stock up on inventory for the upcoming holiday season and growth in consumer loans appears sustainable, such that our 9% loan growth forecast is unchanged.

SM Investment (SM)'s 3Q/9M 23 earnings of PHP19.4b/PHP55.9b rose 28%/30% YoY, in line with Maybank Research's FY23 forecast at 72% but ahead of consensus at 80%. Contributions from CHIB and SM Retail were both in line with our estimates, while BDO (80.5% of MIBG's FY23 forecast) and SMPH (80% of MIBG's FY23E) outperformed. The positive feedback it received from investors during our 5-day roadshow with the SM Group (SM, SMPH and BDO) in Nov'23 reinforces its BUY call and NAV-based TP of PHP1,310 (revised up 1.3%). SM Retail's 8%/12% YoY revenue growth in 3Q/9M 23 was driven by sustained growth in the food segment (+9% YoY), which accounted for 58% of SM Retail's total revenue. This was complemented by continuous improvement in the contributions of the discretionary-driven department stores (+21% YoY) and specialty stores (+15% YoY). SM Retail's SSSG remained high at 9% vs competitor RRHI, which saw SSSG normalise to 5%. The buoyant top-line growth, along with management's cost optimization, saw the segment's net income margin rise 20bps QoQ to 4.70% in 9M23. SM has underperformed the PCOMP by 2% and is down 7% YTD, possibly due to overhang from the suspension of SMPH's reclamation project. But SM received an exemption from the Philippine Reclamation Authority on 28 Nov.

Manager's Report

3.5.2.7 The Philippines Stock Market – The Philippines Stock Exchange (PSE) (cont'd.)

Philippines Corporate News (cont'd.)

Ayaland Land (ALI)'s 3Q23/9M23 core income of PHP7.9b/PHP20.9b (+28%/28% YoY) came in line with our FY23 forecast of PHP27.5b, at 76%. Robust net income growth was driven by 32%/46% YoY growth in the commercial leasing and services segments alongside better cost management. To account for the property development segment's slower-than-expected growth, we lower our FY23E/24E revenues by 8%/16% to PHP127.5b/PHP140.8b, but lower our cost of real estate assumption to PHP74b/PHP82.4b. Our FY23/24 net income forecasts are revised by +8%/-8% to PHP24.5b/PHP27.4b. We maintain our BUY recommendation on ALI with a TP of PHP43 (-4%). 9M23 revenues came in at PHP96.3b (+14% YoY), behind our FY23 forecast of PHP139.1b at 69%, dragged by the property development segment at PHP57.2b, up 4% YoY, comprising 65% of our FY23 estimate. Commercial leasing/services grew by 32%/46% YoY, lifted by malls and construction, and came in at 74%/85% of our estimates. Meanwhile, cost of real estate was lower than expected at PHP55.5b (+9% YoY) at 64% of our FY23 forecast, such that GPM came in higher than our 38% forecast at 42%.

International Container Terminal Services (ICT)'s 3Q23 attributable income of US\$171m was flat yoy as higher revenue (+3.10%) was offset by higher operating expenses (+4.50%) and financing costs (+13.30%). This brought 9M23 attributable income to US\$484.5m (+4.10% yoy) as revenues grew 7.30% yoy to US\$1.8bn from 7% higher container volumes yoy (organic growth at +1.00% yoy), partly offset by opex growth of 9.70% yoy. 9M23 net income was in line with SB Equities/Bloomberg consensus expectations at 70%/77% of FY23F estimates. ICT's management remains optimistic over the company's outlook, as it positions itself to ride the recovery in global trade by: (1) expanding its portfolio (JV contract win at Durban Container Terminal in South Africa); (2) improving efficiency and capacity of existing terminals (in Mexico, Australia, Manila); and (3) pushing for tariff adjustments and ancillary services that will benefit revenues and yield per TEU (3Q23 at US\$183, up 1.1% yoy/qoq). As for the geopolitical tension in Israel, ICT said it has not seen any impact from this so far on operations and its nearest terminal in Iraq continues to do well. It expects the Durban terminal to be consolidated with ICT's financials by Apr 2024F (2Q24F), slightly later than its initial guidance of Jan 2024 due to management reorganisation within the JV company. It cuts its FY23-25F EPS by 0.58-5.32% to reflect higher assumptions for financing costs and slower-than-expected recovery in trade flows.

Philippines Market Outlook and Strategy

Consensus expects the Philippines economy to grow at a faster clip in 2024 at +5.60% (2023E: +5.3%). The growth to be driven by domestic demand, supported by resilient private consumption, stable employment and continued infrastructure drive with 197 Infrastructure Flagship Project (IFP) under the "Build Better More" initiatives. Overall, we believe that Conglomerate, Banking, Consumer and Retailing sectors would benefit from the economic recovery in 2024.

Manager's Report

3.5.2.8 The South Korean Stock Market – Korean Stock Exchanges (KSE)

The KOSPI index closed at 2,655.28 points for the year ended December 31st, 2023, gaining 18.73%. The top three best performing counters were Posco DX Co Ltd (+1087.20%), TCC Steel (+528.88%) and Hanmi Semiconductor Co Ltd (+436.52%).

Industrial Research Institute foresees South Korea's export to grow by 5.60% next year, hitting a \$26.5bn surplus, led by semiconductors and autos. GDP is projected at 2% but inflation, high-interest rate and weakened consumer spending remains as concerns. Rising concerns for Korean cos directly competing with Japanese peers in major sectors such as steel, automotive and MLCCs on weaker price competitiveness as Japanese Yen heading for its lowest value vs KRW in nearly 33 years.

South Korea's consumer inflation expanded at a softer pace in December versus the previous month, missing market expectations, and supporting policymakers' outlook that price pressures will moderate through 2024. The country's headline consumer price index (CPI) rose 3.20% year over year in December, after a 3.30% increase in November. The latest inflation print marked the lowest since June, according to data from Statistics Korea and the Ministry of Economy and Finance on Friday. The December reading missed analysts' expectation of 3.30% in a Reuters poll. The slowdown came amid the flat movement in the cost of food. The prices of food and non-alcoholic beverages grew 6.20% year over year in December, unchanged from that seen in November.

IMF said South Korea's household debt to GDP ratio increased to 108.10% last year from 92% marking a 16.20% increase over 5 years which is the only country to record a double-digit increase among OECD countries during the period.

South Korea Corporate News

Hyundai Motor Company (HMC), as of early November 2023, YTD global auto demand increased +7% y-y, led by the robust growth of +11% in the US. However, the firm expects the global and US auto demand growth to slow down to +2.50% and +2.00% y-y, respectively, in 2024 due to increasing uncertainty such as high interest rates and competition. The firm is also seeing some slowdown in EVs recently due to increasing price resistance from consumers. HMC believe the sweet spot for EVs is between \$30k-35k, but its average price of EV models is higher than \$35k as they are yet ineligible for IRA subsidies. As a result, there is more pressure to lower prices such as customers asking for cash credits. HMC expects the new Georgia EV plant, which is expected to come online by end-2024, to break even in 18 months but the ramp up may take longer if EV demand deteriorates further. The recent UAW wage hike should have limited impacts on its bottom line as labor costs account for only 4~5% of plant revenue due to a high level of automation. This should also help the firm launch a differentiated portfolio of EV models at more competitive prices vs US automakers. Currently, HMC is making a marginal profit in EV production after reaching an earlier-than-expected BEP by end-2022. The firm attributes this to its flexible production which can be swiftly changed between EV, Hybrid, and ICE. The notable demand shifts to hybrid, which boosted the firm's hybrid model sales YTD to 50% in the US, is positive as hybrid models are sold +5% premium to ICE vehicles but the cost is essentially as same as that for ICE. By 2026~2027, HMC targets to achieve a mid-to-high single-digit OPM in the EV business. Lastly on its battery suppliers, HMC believe that EV batteries will eventually become a commodity but securing safe batteries is still crucial.

Manager's Report

3.5.2.8 The South Korean Stock Market – Korean Stock Exchanges (KSE) (cont'd.)

South Korea Corporate News (cont'd.)

One thing to note is that Hyundai Motor Group makes its own battery design and chemical recipes. Its battery suppliers are more like manufacturing partners, which enables HMC to engage in an open bid system that effectively lowers its cost structure while securing high-quality batteries.

Samsung SDI Co Ltd, reportedly plans to commit 2.7 trillion won towards establishing a new electric vehicle (EV) battery facility in the U.S. in partnership with Stellantis N.V. The investment drive will span from April of next year until November 2027, reported Reuters. In July, the companies announced the signing of a memorandum of understanding to establish a second battery manufacturing facility in the U.S. under the existing StarPlus Energy joint venture. Targeted to start production in 2027, the plant aims to have an initial annual production capacity of 34 gigawatt-hours (GWh).

Samsung Electronics reported better than expected 3Q23 preliminary earnings driven by to 1) improved semiconductor business and 2) cost cut at mobile set business. Analysts believe the increased memory sales volume and improved ASP will help 4Q23 earnings improvement. In particular, one should focus on improvements at mobile and enterprise divisions. In 4Q23, expect DRAM ASP to increase by +10% q-q level. Mobile DRAM ASP expected to show +15~20% q-q growth driven by 1) customers' inventory dropping to 1 month level and 2) production cut effect. ASP for PC & consumer DRAM should also grow +10% q-q, while Server DRAM is expected to grow slightly due to mixed effect from enterprise and hyperscalers. While there are still no signs of improvement in device demand, improving DRAM demand may lead to concerns that demand may stagnate again after inventory accumulation. However, improving enterprise demand is generally a good and key indicator of a cycle improvement. Meanwhile, memory sales volume and price is rebounding, and DRAM sales volume grew +10% q-q and DRAM ASP rose +5% q-q. DRAM ASP and sales have started to rebound, which should lead to earnings improvements going forward. Therefore, market interest is still focused on the latest processes and products desired by customers (HBM3 & HBM3e). Certification and other procedures for HBM3e still need more time, but delivery of HBM3 to major customers is expected to begin. Meanwhile in 2024, although memory industry may improve from 4Q23, Sammy's memory investment to decrease by 10~20% y-y. Memory investment is expected to decrease to low/mid W20tn level, while logic investment should be maintained at low/mid W10tn level.

South Korea Market Outlook and Strategy

Korea remains on our watch list as a potentially attractive investment destination. The focus will remain on stock selection. We continue to look for opportunities in the region, favouring companies which demonstrate low valuations, low leverage, high growth, robust management and a strong track record. At present, we like the memory, renewable energy and domestic consumption industry.

Manager's Report

3.5.2.9 The Vietnam Stock Market – Ho Chi Minh Stock Exchange (HSX)

The Vietnam Ho Chi Minh Index soared +12.20% in 2023 to close at 1,129.93 points. The index's top performing stocks were Bank for Foreign Trade of Vietnam (+18.54%), Hoa Phat Group (+55.28%) and Bank for Investment and Development of Vietnam (+26.70%) whilst the index's laggards for the year were Masan Group (-27.96%), Vingroup (-17.10%) and Vinhomes (-10.00%). The Vietnamese Dong depreciated by -2.69% against the USD for the year, and closed at 24,269.

Vietnam's gross domestic product advanced 5.33% yoy in Q3 of 2023, faster than a marginally revised 4.05% growth in Q2 and pointing to the eighth consecutive period of expansion but slower than a 13.71% growth in the same period last year, flash data showed. The main contributor to the expansion was the service sector which grew by 6.24%, mainly boosted by retail and tourism, followed by industry and construction (5.19%), and agriculture, forestry & fisheries (3.72%). The service sector is estimated to account for about 40% of the GDP. In the first 9 months of the year, the economy expanded by 4.24% over the same period last year, only higher than the growth rate of 2.19% and 1.57% of the nine months of 2020 and 2021 in the period 2011-2023. The industry and construction only grew by 1.65%, the lowest pace of the same period 2011-2023 due to weakening global demand.

The annual inflation rate in Vietnam declined to 3.45% in November 2023 from 3.59% in the previous month, pointing to the lowest inflation rate since August. Prices increased at a softer pace for housing & construction materials (5.91% vs 6.88% in October), transport (1.63% vs 3.90%), clothing & footwear (1.95% vs 1.97%), and culture, entertainment & tourism (1.21% vs 1.34%). Meanwhile, prices continued to rise for food & drink services (2.98% vs 2.81%) and education (8.23% vs 7.14%). The annual inflation, which excludes volatile items, dropped to a 16-month low of 3.15% from 3.43% in October. On a monthly basis, consumer prices were up 0.25% in November, accelerating from a 0.08% growth in the previous month, which was the least in five months.

Vietnam's industrial production rose 5.80% year-on-year in November 2023, up from an upwardly revised 4.40% increase in the previous month. It marked the seventh consecutive period of growth and the steepest pace since February, driven by an acceleration in output for manufacturing (6.30% vs 4.50% in October) and electricity and gas supply (9.20% vs 7.40%). In contrast, production slowed for water supply and waste management (3.30% vs 5.80%), while activity continued to contract for mining (-3.80% vs -0.80%). Considering January to November, industrial output went up 1.00%, compared to an 8.70% expansion in the corresponding period last year.

The S&P Global Vietnam Manufacturing PMI dropped to 47.3 in November 2023 from 49.6 in October. It was the third straight month of fall in factory activity and the steepest pace since June, as new orders ended a 3-month sequence of growth with the rate of drop the most since May. Further, output shrank for the third month, down at the steepest rate since May. New export orders contracted for the first time in 4 months, amid a slight fall in buying activity following rises in the prior 3 months. Workforce numbers have been reduced in 8 of the past 9 months. Delivery times improved for the 11th month despite lead times shortening the least during the period. On the price front, input cost inflation hit a 9-month top, due to currency weakness and higher costs of fuel, oil, and sugar. Firms raised selling prices for the fourth month. Finally, sentiment dipped for the second month running and was below the series average, on concerns about a fragile economy and low orders from abroad.

Manager's Report

3.5.2.9 The Vietnam Stock Market – Ho Chi Minh Stock Exchange (HSX) (cont'd.)

Vietnam Corporate News

Phu Nhuan Jewelry (PNJ)'s Nov-23 net profit surged by 32% y/y to VND201bn, on net sales of VND3,154bn, up 25% y/y. Cumulatively, for 11M23, net profit came to VND1,732bn, up 6% y/y, while net sales declined by 5% y/y to VND9,495bn. 11M profit met 92% of full year forecasts and came in 3% above estimates. Retail sales increased by 7% y/y to VND1,690bn, which is the highest growth YTD. This was likely due to market share gain. Wholesale sales were still weak and declined by 16% y/y to VND268bn, reflecting overall weak demand in the whole industry. Gold bar sales grew more strongly by 89% y/y to VND1,114bn as gold price continued to climb around 5% in Nov-23, resulting in strong demand for investing or trading gold bars. On the valuation side, PNJ is still cheap, trading at 1-year rolling forward P/E of 12.7x, 1.4 standard deviations below mean (since 2019).

Viettel Construction (CTR)'s November results were solid and broadly in line with expectations. PBT rose 19% y/y to VND62bn on net sales of VND1,122bn (up 37% y/y). For 11M23, net sales and PBT have risen by 21% and 16%, respectively, to VND10,364bn and VND595bn, completing 92% and 90% of our respective FY23 forecasts. Throughout 11M23, all segments saw solid revenue growth, with construction, integrated solutions, and leasing being growth drivers (respective y/y growth of 33%, 60%, 38%), while network operations and technical services saw more modest but still solid y/y growth of 8% and 14% respectively. In the most recent month, CTR only added 20 new BTSs to its TowerCo portfolio, particularly low compared to previous months, mainly due to Viettel's delay in providing network equipment for installation. This raises the total number of new BTSs added this year to 1,678 units and total no. of BTSs to 5,964 units. Due to this delay, the total number of BTSs to be added this year will be around 1,800-1,900 units, slightly lower than our estimate of 2,000 units previously.

In 3Q23, FPT Retail (FRT) made a small loss of VND21bn (vs. net profit of VND85bn in same period last year) on net sales of VND8,326bn (up 7% y/y). The bottom line was slightly better than HSR Research estimate for a loss of VND63bn, while the top line was close to its estimate of VND8,199bn. FPT Shop's VND69bn loss in the period was just half of our estimate of VND127bn. Meanwhile, pharmacy chain Long Chau's performance was as strong as expected, with a net profit of VND69bn in 3Q23, up 7x y/y and 43% q/q thanks to solid same store sales growth (SSSG). Despite aggressive network expansion, it believes Long Chau can deliver single digit SSSG in the next couple of years, which will help its margins to improve further. For FY23, it expects a smaller loss, at VND226bn (vs. VND356bn previously). It expects the company will turn profitable in FY24, and revise up FY24-25 net profit forecasts by 264% and 47% to VND291bn and VND549bn, respectively. FRT is trading expensively at FY24 P/E of 47.5x, 168% above its peer group median of 17.7x and 38% above best local comp MWG (Hold, TP VND40,000) of 34.5x. The company's earnings will likely improve significantly in FY24 and FY25, but this is fully reflected in the stock price, which increased 59% in the past 12M and 17% in the past 3M. It thinks the stock is overvalued. Downgrade to Reduce on valuation.

Manager's Report

3.5.2.9 The Vietnam Stock Market – Ho Chi Minh Stock Exchange (HSX) (cont'd.)

Vietnam Corporate News (cont'd.)

In 3Q23, Vinamilk (VNM)'s net sales came in at VND15,637bn, down 2.80% y/y but up 2.90% q/q. Meanwhile, net profit increased 8.4% y/y (and 13.3% q/q) to VND2,492bn. Sales were slightly below HSC Research's forecast of VND16,642bn, but net profit was in line with forecast of VND2.5tn. Through 9M23, net sales have come in almost flat at VND44,750bn while net profit has decreased 1.50% to VND6,548bn; these have completed 72.20% and 74.40% of its respective full year forecasts. Domestic sales decreased 3.80% y/y to VND13,253bn, 85% of total VNM sales, mainly due to overall weak consumption. Export sales were quite stable at VND1,245bn, up 5.00% y/y though down 1.8% q/q. Overseas subsidiary sales came to VND1,137bn, up 1.80% y/y and flat q/q, due to a low single-digit decrease in sales of the US-based subsidiary Driftwood against growth of nearly 10% y/y at Cambodia-based Angkor Milk. As expected, gross margin continued to improve in 3Q23, reaching 41.90% (vs. 39.50% in 3Q22 and 40.50% in 2Q23) – the highest level since 1Q22 (post COVID-19). Better gross margin was supported by cheaper raw milk prices, which went down 20-30% y/y. Raw materials cost/sales ratio dropped to 45.20% in 3Q23 (vs. 45.40% in 3Q22 and 48.30% in 2Q23).

Vietnam Market Outlook and Strategy

Consensus forecasts firmer GDP growth of 6.20% in 2024, up from 4.70% in 2023. The recovery will be led by green shoots in exports and manufacturing, as the economy is highly trade-sensitive. Easing mortgage burdens and improving sentiment alongside a recovering economy will support higher household consumption. Fiscal policy will remain supportive, with strong infrastructure spending and several relief measures extended into 2024, including cuts in VAT and other tax and fees until June 2024. Homebuyer demand should gradually recover with lower lending rates which underpin the real estate sector in 2H24. Thus, we favour Consumer, Retailing, Utilities infrastructure and Export-oriented sectors.

Manager's Report

3.5.3 Market Review

INDEX	Current	Index Return, Local Curr		Index Return, US\$		PERX		10-yr PER_X (positive EPS only)		
	LEVEL	Yearly	Year to Date	Monthly	Year to Date	FY 2023	FY 2024F	-1 std dev	10Y mean	+1 std dev
S&P BSE SENSEX INDEX	72,240.26	18.74%	18.74%	17.99%	17.99%	23.16	24.01	18.8	22.1	25.4
FTSE Bursa Malaysia KLCI	1,454.66	-2.73%	-2.73%	-6.66%	-6.66%	14.23	14.40	14.4	16.1	17.8
Strait Times Index STI	3,240.27	-0.34%	-0.34%	1.17%	1.17%	10.32	10.66	9.9	12.0	14.2
SHANGHAI SE COMPOSITE	2,974.94	-3.70%	-3.70%	-6.45%	-6.45%	11.31	11.04	10.7	12.8	14.9
CSI 300 INDEX	3,431.11	-11.38%	-11.38%	-13.91%	-13.91%	11.38	12.05	11.2	13.3	15.3
HANG SENG CHINA AFF.CRP	3,350.45	-9.35%	-9.35%	-9.45%	-9.45%	5.12	5.84	5.4	5.8	6.3
HANG SENG CHINA INTL INDEX	5,768.50	-13.97%	-13.97%	-14.06%	-14.06%	7.58	8.01	7.1	8.0	9.0
HANG SENG INDEX	17,047.39	-13.82%	-13.82%	-13.92%	-13.92%	9.19	9.03	9.5	11.0	12.5
JAKARTA COMPOSITE INDEX	7,272.80	6.16%	6.16%	6.95%	6.95%	12.65	13.47	13.4	15.8	18.3
KOSPI INDEX	2,655.28	18.73%	18.73%	16.41%	16.41%	7.66	13.45	8.4	11.1	13.7
PSEI - PHILIPPINE SE IDX	6,450.04	-1.77%	-1.77%	-1.22%	-1.22%	10.47	11.74	13.2	16.1	19.0
STOCK EXCH OF THAI INDEX	1,415.85	-15.15%	-15.15%	-13.99%	-13.99%	14.29	15.37	13.8	15.5	17.2
HO CHI MINH STOCK INDEX	1,129.93	12.20%	12.20%	9.24%	9.24%	12.30	11.58	11.7	13.9	16.2
TAIWAN TAIEX INDEX	17,950.81	26.83%	26.83%	27.46%	27.46%	18.23	18.09	11.9	14.2	16.6
S&P/ASX 200 INDEX	7,590.82	7.84%	7.84%	8.10%	8.10%	16.58	17.58	16.25	19.31	22.37
DOW JONES INDUS. AVG	37,689.54	13.70%	13.70%	13.70%	13.70%	23.14	24.00	16.3	19.3	22.4
S&P 500 INDEX	4,769.83	24.23%	24.23%	24.23%	24.23%	23.45	23.84	20.82	25.44	30.07
NASDAQ COMPOSITE	15,011.35	43.42%	43.42%	43.42%	43.42%	30.20	29.54	20.8	25.4	30.1
MSCI WORLD	3,169.18	21.77%	21.77%	21.77%	21.77%	19.77	20.07	14.43	18.11	21.79
STXE 600 (EUR) Ft	479.02	12.74%	12.74%	16.46%	16.46%	12.84	13.72	0.00	0.00	0.00
NIKKEI 225	33,464.17	28.24%	28.24%	19.25%	19.25%	20.37	20.98	14.4	18.1	21.8

Source: Bloomberg

For the year 2023, the MSCI Far East ex-Japan Index eked out a marginal gain of 0.44%, significantly underperforming the MSCI World Index which returned +21.77%. The weak performance in Chinese stocks is the main contributory to the MSCI Far East ex-Japan Index's under performance.

The best performing markets in the region were Taiwan (+27.46% in USD term), Korea (+16.41%) and Vietnam (+9.24%). The worst performing markets were China's H shares (-14.06%), Hong Kong shares (-13.92%) and China's A shares (-13.91%). Regional currencies' performance against the USD was mixed. The best performing currencies were Indonesia Rupiah (+1.02%) and Singapore Dollar (+1.43%), while the weakest currency was Chinese Yuan (-2.92%) and Malaysia Ringgit (-4.30%).

The Dow Jones Industrial Average Index (DJIA), S&P 500 index and Nasdaq Composite Index gained 13.70%, 24.23% and 43.42% respectively in 2023. Risk assets, in particular tech stocks, gained significantly on positive corporate results. The technology sector performed strongly, driven by hype in the Generative AI theme especially in the semiconductor sub-sector. Stocks, in particular big techs, were boosted by expectation of the Fed ending rate hikes and beginning the process of rate cuts.

Manager's Report

3.5.3 Market Review (cont'd.)

On the economic front, the headline consumer price index (CPI) continued to trend lower with the latest at 3.1% in November, as the Fed's rate increases showed more impact. December Composite PMIs figure came in at 51.0, still in an expanding mode, suggesting economic activities remained healthy. The sharp change in the interest rate outlook also drove risk-on sentiment and powered the indices momentum towards the year end.

The Stoxx Europe 600 Index was up 16.46% in 2023. In Europe, latest business surveys remained subdued in December, with the Composite PMIs still in "contraction" territory at 47 in the euro area. Eurostat's latest flash CPI release for November showed headline and core inflation slowing to 2.40% YoY and 3.60% YoY respectively.

The CSI-300 Index declined 13.91%, while the Chinese H-Shares and Hang Seng Index were also down 14.06% and 13.92% respectively. China's economic activities fell short of expectation. Problems in China's property market have weighed down on market sentiments and consumer spending. De-risking activities and developments would also have had adverse impact on China's economy and stock market. The Chinese government is cognizant of the need for and has made known its readiness to provide targeted support for the economy.

South Korea's KOSPI Index recorded a gain of 16.41% on strong foreign fund inflow, despite a subdued economic outlook. The IMF lowered South Korea's growth forecast for 2024 to 1.40%, marking the 5th consecutive downward revision. Domestically, there has been growing concern about a credit crunch and corporate defaults. South Korean officials pledged to step up a USD 66 bn program to stabilize markets if needed to limit the spillover from a builder's debt troubles. Korea's household debt is also high and has reached unsustainable levels, which would negatively affect domestic consumption.

The TWSE Index gained 27.46%, benefiting from strength in the global technology sector. Taiwan has revised its economic growth forecast for the year downward due to sagging global demand for its hi-tech goods. However, the latest export figure provides room for optimism. Taiwan export orders totaled USD 50.63bn in November, down 4.20% MoM (down 5.40% seasonally adjusted), but up 1% YoY, returning to growth after 14 consecutive months of YoY contractions.

Singapore's STI gained 1.17%. The annual inflation rate in Singapore further slowed to 3.60% in November. It was the lowest reading since October 2021. Meanwhile, Singapore's manufacturing production grew 1% YoY in November, easing sharply from an upwardly revised 7.60% gain in the previous month and below market expectations of a 3.10% rise. Singapore's GDP grew by 2.80% in the fourth quarter, and by 1.20% in 2023.

Malaysia's KLCI was down 6.66% on political uncertainty during the first half of the year. Investment momentum picked up over the months but insufficient to register a positive return. Malaysia's economic momentum is expected to steadily improve heading into next year, with GDP set to grow by 4.50%-5.50% in 2024 from an estimated 4% this year, according to RAM Rating Services Bhd.

Manager's Report

3.5.3 Market Review (cont'd.)

Thailand's SET index declined 13.99% amidst political uncertainty following the general election in May. Thailand's latest industrial production declined by 4.71% YoY in November more than market expectations of a drop of 4.00%, amid sluggish domestic economic recovery and lingering headwinds from overseas.

The Jakarta Composite Index gained 6.95% on high base as it was the best performing index in 2022. The Consumer Confidence Index (CCI) rebounded to 123.6 in November from 121.7 in September. The increase in CCI was mainly driven by the lower-income groups (those with less than IDR3.1million monthly income), which saw an increase to 113 from 109 in September, likely helped by acceleration in government spending, including social spending.

The Philippines PSEI Index declined 1.22%. The Philippines GDP growth accelerated to 5.90% YoY in the third quarter, up from a 4.30% growth in the previous period and beating market forecasts of a 4.70% rise. The annual inflation rate continued to ease, coming in at 4.10% in November 2023 from 4.90% in the previous month and less than market estimates of 4.30%. It was the lowest rate since March 2022

Vietnam's VN-Index gained 9.24% on the back of government expansionary policies. Vietnam's central bank continued to embark on expansionary monetary policy to spur economic activities. Strong capital flow continued to keep asset prices strong. In 2023, Vietnam's FDI disbursements increased 3.50% YoY to USD 23.2bn, while FDI registrations soared 32.10% YoY to USD 36.6bn. December 2023 saw FDI disbursements of USD 2.9bn (highest monthly level ever) and registrations of USD7.8bn (highest monthly level since June 2018). The manufacturing and processing sector accounted for 64% of total FDI registrations.

3.5.4 Market Outlook

After many months of rate hikes by the US Fed to beat inflations, the easing of inflation rate in recent months has raised market expectations that that rates may start to fall, although the US Fed has yet to change its "higher for longer" interest rate guidance. However, Fed officials have provided forecasts of several rate cuts in 2024, although whether this will materialize will depend on the economic data when the time comes. Resilient US economic data, good corporate results from big US techs and the prospect of US rate cuts have boosted investor sentiments and pushed the US stock market higher.

US economic and inflation data, and expectation on, and Fed's rate decisions, will continue to have a major influence on investors' investment decisions on risk assets in US and elsewhere. Investors are pricing in lower interest rate environment as early as second half of 2024. This has kept investment sentiment buoyant.

Manager's Report

3.5.4 Market Outlook (cont'd.)

We are also watchful of geo-political developments as well as policy directions in the major economies, in particular US and China. The new geo-political risk arising from the Israel-Hamas conflict, and the risk that it may potentially spread in the Middle East has added to the uncertainties. US economic and inflation data and interest rate policy responses will affect market sentiments and liquidity. In Asia, the focus is on the pace of China's economic recovery which has been weaker than expected. The Chinese property sector continues to face severe challenges, and any sign of stabilization and growth will have positive catalyst for the economy and risk assets. The Chinese government has announced various support measures to help the economy, and the market expectation is that more will be required, and it may take time for the initiatives to bear fruits.

While we are cautiously optimistic, there remains headwind for risk assets, including continuation of high interest rate and its impact on business and economic activities, and slower than expected economic growth in China, as well as the still relatively high valuations in the developed markets. The continuing geo-political tension in Europe and in East Asia, and the new conflict in the Middle East will keep risk premium elevated at times and result in markets volatility. We will be watchful on these.

The market corrections in Chinese equities and their depressed valuation may offer potential upside on expansionary Chinese policies to support economic activities.

We continue to apply our strategy of focusing on identifying fundamentally healthy companies with low valuations, low leverage, high growth, robust management and a strong track record, and adherence to our investment philosophy of "Never Fully Invest at All Times" which has served us well over the years. We are also in the midst of developing a robust ESG investment framework to meet the increasingly socially-aware demands of investors, as well as other stakeholders.

We thank you once again for your continued faith in us, and hope to remain good stewards in our endeavour to protect and grow your capital.

3.6 State of Affairs

There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial year under review.

3.7 Cross Trade

There were no cross trades undertaken during the financial year under review.

3.8 Policy On Rebates and Soft Commission

It is our policy to pay all rebates from stockbrokers to the respective Funds. However, soft commissions from stockbrokers (if any) will be retained by the Manager only if the goods and services are of demonstrable benefit to the unit holders such as research materials, data quotation services and computer software incidental to the management of the Funds.

During the year, the Manager has not received any soft commissions from stockbrokers.

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF PHEIM EMERGING COMPANIES BALANCED FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 December 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Pheim Unit Trusts Berhad has operated and managed the Fund during the financial year covered by these financial statements in accordance with the following:

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

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

For **Maybank Trustees Berhad**
[Company No. : 196301000109 (5004-P)]

NORHAZLIANA BINTI MOHAMMED HASHIM
Head, Unit Trust & Corporate Operations

Kuala Lumpur, Malaysia

Date : 21 February 2024

STATEMENT BY MANAGER TO THE UNITHOLDERS OF PHEIM EMERGING COMPANIES BALANCED FUND

We, Teh Song Lai and Hoi Weng Kong, being two of the directors (alternate director and director respectively) of Pheim Unit Trusts Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements of Pheim Emerging Companies Balanced Fund are drawn up in accordance with the Deed, Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission Malaysia's Guidelines on Unit Trust Funds so as to give a true and fair view of the financial position of Pheim Emerging Companies Balanced Fund as at 31 December 2023 and of its financial performance and cash flows for the financial year then ended.

On behalf of the Manager,
PHEIM UNIT TRUSTS BERHAD

TEH SONG LAI

Alternate Director to Dr. Tan Chong Koay

HOI WENG KONG

Director

Kuala Lumpur, Malaysia

Date : 21 February 2024

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF PHEIM EMERGING COMPANIES BALANCED FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PHEIM EMERGING COMPANIES BALANCED FUND ("the Fund"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in net asset value attributable to unitholders and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 60 to 90.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission Malaysia's *Guidelines on Unit Trust Funds*.

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, PHEIM UNIT TRUSTS BERHAD, is responsible for the other information. The other information comprises the information on the Fund together with the Manager's Report included in the Annual Report for the Fund managed by the Manager but does not include the financial statements of the Fund and our auditors' report thereon.

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

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

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

Responsibilities of the Manager and Trustee for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission Malaysia's *Guidelines on Unit Trust Funds*. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable the preparation of financial statements.

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 have 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 skepticism throughout the audit. We also :-

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

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd.)

- 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 unitholders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

FOLKS DFK & CO.

NO. : AF 0502

CHARTERED ACCOUNTANTS

Kuala Lumpur

Date : 21 February 2024

SAM SIOW CHENG

NO. : 03306/06/2025 J

CHARTERED ACCOUNTANT

**PHEIM EMERGING COMPANIES BALANCED FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	2023 RM	2022 RM
INVESTMENT INCOME/(LOSS)			
Gross dividend income		208,682	338,333
Interest income from :			
- financial assets at amortised cost		53,146	39,386
- financial assets at fair value through other comprehensive income ("FVTOCI")		256,936	257,238
Net loss on financial assets at fair value through profit or loss ("FVTPL")	7(a)	(137,359)	(1,916,032)
Reclassification adjustment from other comprehensive income on derecognition of financial assets at FVTOCI upon maturity	8	(25,405)	-
Amortisation of premiums, net of accretion of discounts on financial assets at FVTOCI	8	(50,279)	(20,193)
Net realised loss on foreign exchange		(3,265)	(232)
		<u>302,456</u>	<u>(1,301,500)</u>
EXPENSES			
Manager's fee	4	271,259	279,194
Trustee's fee	5	15,000	15,485
Auditor's remuneration		8,500	8,000
Tax agent's fee		3,000	3,000
Brokerage fees and other transaction costs		12,972	22,002
Administrative expenses		30,879	20,677
		<u>341,610</u>	<u>348,358</u>
Net loss before taxation		(39,154)	(1,649,858)
Taxation	6	(12,192)	(43,877)
Net loss after taxation		<u>(51,346)</u>	<u>(1,693,735)</u>
Other comprehensive income			
<i>Item that will be reclassified subsequently to profit or loss</i>			
Net gain/(loss) on changes in fair value of financial assets at FVTOCI	8	11,487	(50,509)
Reclassification adjustment to profit or loss on derecognition of financial assets at FVTOCI upon maturity	8	25,405	(1,555)
Total other comprehensive income/(loss) for the financial year	8	36,892	(52,064)
Total comprehensive loss for the financial year		<u>(14,454)</u>	<u>(1,745,799)</u>
Net loss after taxation is made up of the following :			
Net realised income		213,591	708,478
Net unrealised loss		(264,937)	(2,402,213)
		<u>(51,346)</u>	<u>(1,693,735)</u>
Distribution for the financial year :			
Net distribution	11	1,140,420	1,265,751
Net distribution per unit (sen)	11	6.00	7.00
Gross distribution per unit (sen)	11	6.00	7.00

The accompanying notes form an integral part of the financial statements.

**PHEIM EMERGING COMPANIES BALANCED FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Note	2023 RM	2022 RM
ASSETS			
Investments	7	14,061,667	15,009,945
Deposits with licensed financial institutions	9	2,921,421	2,107,514
Amount due to/from Manager	10	10,000	-
Amount due from brokers		29,694	-
Other receivables		66,387	73,795
Cash at bank		251,186	1,009,007
Tax recoverable		42,573	5,481
TOTAL ASSETS		<u>17,382,928</u>	<u>18,205,742</u>
LIABILITIES			
Amount due to Manager	10	32,837	23,273
Amount due to Trustee		1,410	1,405
Other payables and accruals		20,475	15,554
TOTAL LIABILITIES		<u>54,722</u>	<u>40,232</u>
NET ASSET VALUE OF THE FUND		<u>17,328,206</u>	<u>18,165,510</u>
EQUITY			
Unitholders' capital	12(a)	14,624,326	14,306,756
Retained earnings	12	2,732,814	3,924,580
FVTOCI reserve		<u>(28,934)</u>	<u>(65,826)</u>
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (TOTAL EQUITY)	12	<u>17,328,206</u>	<u>18,165,510</u>
UNITS IN CIRCULATION	12 (a)	<u>19,318,980</u>	<u>18,979,941</u>
NET ASSET VALUE ("NAV") PER UNIT	13	<u>0.8970</u>	<u>0.9571</u>

The accompanying notes form an integral part of the financial statements.

PHEIM EMERGING COMPANIES BALANCED FUND
STATEMENT OF CHANGES IN NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Unitholders' capital RM	Retained earnings RM	FVTOCI reserve RM	Total equity RM
Balance at 1 January 2022	12,594,183	6,884,066	(13,762)	19,464,487
Net loss for the financial year	-	(1,693,735)	-	(1,693,735)
Other comprehensive loss :				
- Net loss on changes in fair value of financial assets at FVTOCI	-	-	(50,509)	(50,509)
- Reclassification adjustment to profit or loss on derecognition of financial assets at FVTOCI	-	-	(1,555)	(1,555)
Total comprehensive loss for the financial year	-	(1,693,735)	(52,064)	(1,745,799)
Creation of units	2,141,229	-	-	2,141,229
Cancellation of units	(494,045)	-	-	(494,045)
Distribution equalisation	65,389	-	-	65,389
Income distribution (Note 11)	-	(1,265,751)	-	(1,265,751)
Total transactions with unitholders	1,712,573	(1,265,751)	-	446,822
Balance at 31 December 2022	14,306,756	3,924,580	(65,826)	18,165,510
Net loss for the financial year	-	(51,346)	-	(51,346)
Other comprehensive income :				
- Net gain on changes in fair value of financial assets at FVTOCI	-	-	11,487	11,487
- Reclassification adjustments on derecognition of financial assets at FVTOCI	-	-	25,405	25,405
Total comprehensive (loss)/income for the financial year	-	(51,346)	36,892	(14,454)
Creation of units	1,360,669	-	-	1,360,669
Cancellation of units	(857,025)	-	-	(857,025)
Distribution equalisation	(186,074)	-	-	(186,074)
Income distribution (Note 11)	-	(1,140,420)	-	(1,140,420)
Total transactions with unitholders	317,570	(1,140,420)	-	(822,850)
Balance at 31 December 2023	14,624,326	2,732,814	(28,934)	17,328,206

The accompanying notes form an integral part of the financial statements.

**PHEIM EMERGING COMPANIES BALANCED FUND
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	3,863,501	3,692,729
Purchase of investments	(3,370,101)	(5,957,738)
Purchase of bonds	(304,816)	(823,776)
Dividends received	192,714	311,290
Interest received	321,645	306,660
Proceeds received from bonds on maturity	534,625	2,000,000
Management fee paid	(271,824)	(280,664)
Trustee's fee paid	(15,000)	(15,699)
Payment for other fees and expenses	(34,532)	(28,806)
Income distribution paid	(974)	(3,186)
Tax paid	<u>(37,662)</u>	<u>(29,481)</u>
Net cash from/(used in) operating and investing activities	<u>877,576</u>	<u>(828,671)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	292,042	1,025,243
Payment for cancellation of units	<u>(1,113,532)</u>	<u>(525,732)</u>
Net cash (used in)/from financing activities	<u>(821,490)</u>	<u>499,511</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	56,086	(329,160)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	3,116,521	3,445,681
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>3,172,607</u>	<u>3,116,521</u>
Cash and cash equivalents comprise the following :		
Deposits with licensed financial institutions (Note 9)	2,921,421	2,107,514
Cash at bank	<u>251,186</u>	<u>1,009,007</u>
	<u>3,172,607</u>	<u>3,116,521</u>

The accompanying notes form an integral part of the financial statements.

**PHEIM EMERGING COMPANIES BALANCED FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Pheim Emerging Companies Balanced Fund ("the Fund") was established pursuant to a Master Deed dated 11 January 2002 as amended and modified and supplemented by a Supplemental Master Deed dated 3 November 2008 made between HSBC Trustee (Malaysia) Berhad and Pheim Unit Trusts Berhad ("the Manager"), a Second Supplemental Master Deed dated 29 April 2013, Third Supplemental Master Deed dated 30 April 2015 and the Fourth Supplemental Master Deed dated 10 January 2023 (collectively referred to as "the Deeds") made between the Manager and Maybank Trustees Berhad ("the Trustee").

The objective of the Fund is to provide its unitholders with steady income and some prospect of capital appreciation in longer term by investing in a balanced portfolio of equities and fixed income instruments. The Fund is to invest in "Permitted Investments" in accordance with the Deeds comprising :

- (a) Securities of Malaysian companies listed on approved Stock Exchange(s);
- (b) Securities and liquid assets in foreign markets that are permitted by Securities Commission;
- (c) Loan stocks and corporate bonds;
- (d) Unlisted securities whether or not approved for listing and quotation under the rules of an eligible market, which are offered directly to the Fund by the issuer;
- (e) Malaysian government securities, treasury bills, Bank Negara Malaysia certificates, government investment certificates, and Cagamas bonds;
- (f) Units or shares of other collective investments schemes;
- (g) Cash, deposits and money market instruments with financial institutions licenced or approved to accept deposits;
- (h) Derivatives traded on an exchange or over-the-counter (for hedging purposes only);
- (i) Structured products by an eligible issuer (for structured products issued in Malaysia) or an issuer regulated by the relevant regulatory authority (for structured products issued outside Malaysia);
- (j) Any other form of investments as may be agreed upon by the Manager and the Trustee from time to time; and
- (k) Any other form of investments as may be permitted by the SC from time to time.

The Fund commenced operations on 28 January 2002 and will continue its operations until terminated by the Trustee as provided under Part 12 of the Master Deed.

The Manager, Pheim Unit Trusts Berhad, is a public limited company incorporated in Malaysia. It is a wholly owned subsidiary of Pheim Asset Management Sdn Bhd, a private company incorporated in Malaysia. Its principal activity is the management of unit trust funds. Pheim Asset Management Sdn Bhd has been appointed by the Manager as the External Investment Manager of the Fund with responsibility for providing investment management services to the Fund.

The principal place of business of the Fund is located at 7th Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur.

The financial statements are presented in Ringgit Malaysia (RM).

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with the resolution of the directors on 21 February 2024.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Securities Commission Malaysia's *Guidelines on Unit Trust Funds*.

2.2 Basis of Measurement

The financial statements of the Fund are prepared under the historical cost convention except for debt and equity financial assets that have been measured at fair value.

2.3 Application of New MFRS and Amendments to MFRSs That Are Effective on 1 January 2023

During the financial year, the Fund has applied certain new MFRS and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which became effective for annual accounting period beginning on 1 January 2023. The initial application of those new MFRS and amendments to MFRSs has no impact on the financial statements of the Fund, other than as explained below.

Amendments to MFRS 101 and MFRS Practice Statement 2 - Disclosure of Accounting Policies

The Fund adopted the Amendments from 1 January 2023. The Amendments changed the requirements in MFRS 101 to disclose 'material accounting policy information' rather than 'significant accounting policies' and must be of entity-specific. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The Amendments have also added guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Amendments have had an impact on the disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

2.4 Amendments to MFRSs That Are In Issue But Not Yet Effective and Have Not Been Early Adopted

A number of amendments to MFRSs issued by the MASB which are effective for annual accounting periods beginning after 1 January 2023 have not been early adopted by the Fund. None of these amendments to MFRSs are expected to have material effect on the financial statements of the Fund in the period of initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are consistent with those applied by the Fund in the previous financial year.

3.1 Financial Assets

Financial assets are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instruments. Regular way of purchase and sale of investments in financial instruments are recognised on trade dates, i.e. the date on which the Fund commits to purchase or sell the investments. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs, for investments not at fair value through profit or loss. Transaction costs for investments carried at fair value through profit or loss are charged to profit or loss.

Subsequent to initial recognition, financial assets are measured in accordance with their classification on initial recognition.

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

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

3.1 Financial Assets (Cont'd.)

The Fund determines the classification of its financial assets at initial recognition into the following categories for subsequent measurement depending on both its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(a) Financial assets at amortised cost

Financial assets which are debt instruments are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund's financial assets at amortised cost comprised amounts due from brokers and the Manager, other receivables, deposits with licensed financial institutions and cash at bank.

Subsequent to initial recognition, the debt instruments are subsequently measured at amortised cost using the effective interest method less any allowance for impairment. Gains or losses are recognised in profit or loss when the debt instruments are derecognised or impaired, and through the amortisation process.

(b) Financial assets at fair value through other comprehensive income ("FVTOCI")

Debt instruments are measured at FVTOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund's FVTOCI financial assets consist of unquoted fixed income securities as disclosed in Note 8.

Subsequent to initial recognition, gains or losses from changes in fair value of the debt instruments are recognised in other comprehensive income, except for impairment gains or losses, foreign exchange gains and losses, and interest calculated using effective interest method which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the debt instrument is derecognised.

(c) Financial assets at fair value through profit or loss ("FVTPL")

The Fund's financial assets at FVTPL comprised equity investments and debt instruments which are held under a business model to manage and evaluate their performance on a fair value basis.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value with changes in fair value recognised in profit or loss and presented as "Net gain or loss on financial assets at FVTPL". Interest and dividend earned from such instruments are recognised and presented separately as "Interest income" and "Gross dividend income", respectively in profit or loss. Foreign exchange differences on financial assets at FVTPL are not recognised separately in profit and loss but included in net gains or net losses on changes in fair value of financial assets at FVTPL.

3.2 Impairment of Financial Assets

The Fund assesses financial assets at FVTOCI and at amortised cost for expected credit losses ("ECLs") and account for the ECLs and changes in those ECLs at each reporting date to reflect changes in their credit risk since initial recognition. ECLs represent a probability-weighted estimate of the difference between present value of contractual cash flows attributable to a financial asset and present value of cash flows the Fund expects to receive over the remaining life of the financial asset. When a financial asset is credit-impaired, the ECLs shall be measured as the difference between the gross carrying amount of the asset and the present value of the estimated future cash flows. A financial asset is written off when the Fund has no reasonable expectations of recovering the contractual cash flows.

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

3.2 Impairment of Financial Assets (Cont'd.)

(a) Financial assets at FVTOCI

The Fund recognises an allowance for ECLs on debt instruments at FVTOCI to reflect their credit exposures at the reporting date. If the credit risk on the debt instruments has increased significantly since initial recognition, a loss allowance which equal to the lifetime ECLs is recognised, irrespective of the timing of default events that are possible. If there has not been a significant increase in the credit risk since initial recognition, a loss allowance which equal to 12-month ECLs is recognised for the effect of default events that are possible within the next 12 months. The cumulative loss allowance does not reduce the carrying amount of debt instruments at FVTOCI and is recognised in other comprehensive income. An impairment loss or gain is recognised in profit or loss as the amount of expected credit losses (or reversals) that is required to arrive at the cumulative loss allowance.

(b) Financial assets at amortised cost

For short-term amounts due from brokers and Manager and other receivables carried at amortised cost and with maturities of less than 12 months, ECLs are measured using the simplified approach for ECLs under MFRS 9 for trade receivables with no financing component. Under this approach, the Fund does not track changes in credit risk of the receivables and recognises a loss allowance based on their lifetime ECLs at the reporting date. The amount of expected credit losses (or reversals) required to arrive at the loss allowance is recognised as an impairment loss or gain in profit or loss. The cumulative loss allowance recognised is set off against the gross carrying amount of the receivables at the reporting date.

3.3 Classification of Realised and Unrealised Gain and Losses

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

Realised gains and losses on disposals of financial instruments classified as part of "at fair value through profit or loss" are calculated using weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payment or receipts made of derivative contracts (excluding payments or receipts on collateral margin accounts for such investments).

3.4 Financial Liabilities

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 instruments. All financial liabilities are recognised initially at fair value, minus directly attributable transaction costs in the case of financial liabilities not at FVTPL.

Financial liabilities are classified at initial recognition according to the substance of the contractual arrangements entered into and the definition of a financial liability.

The Fund's financial liabilities which include amounts due to Trustee and Manager, other payables and accruals are classified as subsequently measured at amortised cost using the effective interest method. The Fund does not have financial liabilities classified as at FVTPL.

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

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

3.5 Fair Value Measurement

For financial assets at FVTOCI and FVTPL that require fair value measurement, the Fund establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active markets and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or, in the absence of a principal market, the most advantageous market for the asset; and for which the Fund can enter into a transaction for the asset at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from the marketplace that are observable for substantially the full term of the asset.

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

3.6 Foreign Currencies

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 also the Fund's functional currency.

In preparing the financial statements, transactions in currencies other than the Fund's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the end of the reporting period. Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising from the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in equity. Exchange differences arising from such non-monetary items are recognised directly to equity.

3.7 Unitholders' Capital

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments under MFRS 132.

Distribution equalisation represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

3.8 Income Distribution

Income distributions are at the discretion of the Manager. Income distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as deduction from unitholders' capital.

3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and deposits with licensed financial institutions which have insignificant risk of changes in value.

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

3.10 Income Recognition

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

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

Interest income, which includes the accretion of discount and amortisation of premium on fixed income securities, is recognised using effective interest method.

3.11 Income Tax

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

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

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

3.12 Segment Reporting

For management purposes, the Fund is managed under 2 main portfolios, namely (1) equity securities and (2) fixed income instruments. Each segment engages in separate business activities and the operating results are regularly reviewed by the Manager, External Investment Manager and the Fund's Investment Committee. The External Investment Manager and the Fund Investment Committee jointly assumes the role of chief operation decision maker, for performance assessment purposes and to make decision about resources allocated to each investment segment.

3.13 Significant Accounting Estimates and Judgements

The preparation of financial statements in accordance with MFRS and IFRS requires the use of certain accounting estimates and exercise of judgements. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

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

4. MANAGER'S FEE

The Manager is entitled to an annual management fee of 1.50% (2022 : 1.50%) per annum of the NAV of the Fund (before deducting manager's and trustee's fees for the day) calculated and accrued on a daily basis.

5. TRUSTEE'S FEE

The Trustee is entitled to a fee of 0.055% (2022 : 0.055%) per annum of the NAV of the Fund (before deducting the Manager's and Trustee's fee for the day) calculated and accrued on a daily basis, subject to a minimum of RM15,000 (2022 : RM15,000) per annum.

6. TAXATION

	2023	2022
	RM	RM
Malaysian income tax :		
- Current financial year	15,000	24,000
- Income tax over provided in prior financial year	(14,431)	-
Foreign income tax	<u>11,623</u>	<u>19,877</u>
	<u>12,192</u>	<u>43,877</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable net income for the financial year.

With effect from 1 January 2022, income derived from sources outside Malaysia and received by the Fund in Malaysia will be subject to the Malaysian income tax pursuant to the Income Tax Act 1967.

The tax charge for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. A reconciliation of tax expense applicable to the net loss before taxation at the statutory tax rate to tax expense at the effective tax rate of the Fund is as follows :

	2023	2022
	RM	RM
Net loss before taxation	<u>(39,154)</u>	<u>(1,649,858)</u>
Taxation at the Malaysian statutory rate of 24% (2022: 24%)	(9,397)	(395,966)
Tax effects in respect of:		
Income not subject to tax	(134,027)	(228,026)
Loss disregarded for tax purposes	82,533	582,997
Expenses not deductible for tax purposes	15,146	14,785
Restriction on tax deductible expenses for unit trust funds	60,745	62,120
Foreign income tax	11,623	19,877
Tax savings on different tax rate	-	(11,910)
Income tax over provided in prior financial year	<u>(14,431)</u>	<u>-</u>
Tax expense	<u>12,192</u>	<u>43,877</u>

7. INVESTMENTS

	2023 RM	2022 RM
Financial assets at fair value through profit or loss ("FVTPL")		
Quoted equities :		
- in Malaysia	5,050,421	5,197,303
- outside Malaysia	<u>4,430,976</u>	<u>5,009,952</u>
	9,481,397	10,207,255
Unquoted convertible loan stock outside Malaysia	<u>438,241</u>	<u>413,595</u>
	<u>9,919,638</u>	<u>10,620,850</u>
Financial assets at fair value through other comprehensive income ("FVTOCI") (Note 8)		
- Unquoted fixed income securities in Malaysia	<u>4,142,029</u>	<u>4,389,095</u>
Total investments	<u>14,061,667</u>	<u>15,009,945</u>

(a) Net loss on financial assets at FVTPL for the financial year comprised the following :

	2023 RM	2022 RM
Realised gain on disposals	127,578	486,181
Unrealised loss on changes in fair values	<u>(264,937)</u>	<u>(2,402,213)</u>
As presented on the statement of comprehensive income	<u>(137,359)</u>	<u>(1,916,032)</u>

(b) The currency exposure profile of financial assets at FVTPL is as follows :

	2023 RM	2022 RM
Ringgit Malaysia	5,050,421	5,197,303
Hong Kong Dollar	1,567,793	1,870,114
Indonesian Rupiah	354,913	377,488
Philippines Peso	610,816	1,135,918
Singapore Dollar	1,412,119	1,527,565
Thai Baht	113,353	-
Australian Dollar	<u>810,223</u>	<u>512,462</u>
	<u>9,919,638</u>	<u>10,620,850</u>

(c) Financial assets at FVTPL as at financial year end

2023				Fair value as a percentage of NAV
Name of Counter	Quantity held	Cost RM	Fair value RM	
QUOTED EQUITIES IN MALAYSIA				
Main Market / ACE Market				
Plantation				
Sarawak Oil Palms Berhad	49,735	192,927	128,814	0.74%
Ta Ann Holdings Berhad	21,000	81,169	76,860	0.44%
	<u>70,735</u>	<u>274,096</u>	<u>205,674</u>	<u>1.18%</u>

7. INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2023 (Cont'd.)				Fair value as a percentage of NAV
Name of Counter	Quantity held	Cost RM	Fair value RM	
QUOTED EQUITIES IN MALAYSIA (CONT'D.)				
Main Market / ACE Market (Cont'd.)				
Energy				
Hibiscus Petroleum Berhad	117,806	101,065	299,227	1.73%
Construction				
Econpile Holding Berhad	165,000	84,975	50,325	0.29%
Gabungan AQRS Berhad	283,200	181,290	93,456	0.54%
Muhibbah Engineering (M) Berhad	210,150	198,646	162,866	0.94%
	<u>658,350</u>	<u>464,911</u>	<u>306,647</u>	<u>1.77%</u>
Consumer Products				
DXN Holdings Berhad	691,000	483,700	438,785	2.53%
Guan Chong Berhad	130,000	336,200	237,900	1.37%
Leong Hup International Bhd	84,000	76,031	47,460	0.27%
NTPM Holdings Berhad	133,000	79,544	50,540	0.29%
SENHENG New Retails Berhad	453,300	420,164	149,589	0.86%
Teo Seng Capital Bhd	81,600	126,557	130,560	0.75%
	<u>1,572,900</u>	<u>1,522,196</u>	<u>1,054,834</u>	<u>6.07%</u>
Financial Services				
Hong Leong Capital	35,000	175,000	159,250	0.92%
Healthcare				
Supercomnet Technologies Berhad	135,800	219,996	165,676	0.96%
Industrial Products				
Cahaya Mata Sarawak Bhd	362,000	613,312	390,960	2.26%
CB Industrial Product Holding	156,800	199,947	210,112	1.21%
Evergreen Fibreboard Berhad	479,000	211,795	146,095	0.84%
Globaltec Formation Berhad	170,000	99,338	102,000	0.59%
Lotte Chemical Titan Holding Bhd	84,400	225,475	113,940	0.66%
PESTECH International Berhad	189,600	120,157	61,620	0.36%
Seng Fonq Holdings Berhad	85,100	63,825	64,251	0.37%
PESTECH International Berhad - Warrants	12,210	-	1,648	0.01%
	<u>1,539,110</u>	<u>1,533,849</u>	<u>1,090,626</u>	<u>6.30%</u>
Properties				
Land & General Bhd	547,800	165,063	65,736	0.38%
MKH Berhad	80,520	224,679	115,144	0.66%
Skyworld Development Berhad	165,900	132,720	91,245	0.53%
Tambun Indah Land Berhad	112,000	177,414	95,200	0.55%
	<u>906,220</u>	<u>699,876</u>	<u>367,325</u>	<u>2.12%</u>

7. INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2023 (Cont'd.)

Name of Counter	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
QUOTED EQUITIES IN MALAYSIA (CONT'D.)				
Main Market / ACE Market (Cont'd.)				
Technology				
Greatech Technology Bhd	14,200	99,400	68,160	0.40%
Globetronics Technology Berhad	159,000	322,468	257,580	1.49%
Inari Amertron Bhd	15,500	45,260	46,655	0.27%
Kronologi Asia Berhad	1,303,800	723,710	515,001	2.97%
Kronologi Asia Berhad - Warrants	217,300	-	33,682	0.19%
MI Technovation Berhad	17,800	69,420	32,930	0.19%
Omesti Berhad	139,000	83,566	40,310	0.24%
Omesti Berhad - Redeemable Preference Shares	27,800	27,800	23,991	0.14%
Omesti Berhad - Warrants	64,866	-	3,243	0.02%
SNS Network Technology Berhad	1,160,000	303,416	272,600	1.57%
Securemetric Berhad	738,000	184,500	107,010	0.62%
	<u>3,857,266</u>	<u>1,859,540</u>	<u>1,401,162</u>	<u>8.10%</u>
TOTAL QUOTED EQUITIES IN MALAYSIA	8,893,187	6,850,529	5,050,421	29.15%
QUOTED EQUITIES OUTSIDE MALAYSIA				
Australia Stock Exchange ("ASX")				
EQ Resources Limited	3,180,851	571,953	566,770	3.27%
NuEnergy Gas Limited	2,360,000	287,920	243,453	1.40%
	<u>5,540,851</u>	<u>859,873</u>	<u>810,223</u>	<u>4.67%</u>
Hong Kong Stock Exchange("HKSE")				
Alibaba Group Holding Ltd	1,500	174,191	66,691	0.38%
A-Living Smart City Services Co Ltd	20,750	190,827	43,687	0.25%
AAC Technologies Holdings Inc.	12,000	227,603	163,727	0.94%
Asia Cement China	22,000	60,514	31,569	0.18%
Bank Of China Ltd	47,000	89,186	82,369	0.48%
China Merchant Bank	4,000	88,744	63,985	0.37%
China Construction Bank Corp	30,000	95,223	82,040	0.47%
China Modern Dairy Holdings Ltd	442,000	260,237	192,356	1.11%
China Yuhua Education Corporation Ltd	102,000	199,255	32,992	0.19%
China Taiping Insurance Holdings Co Limited	11,000	116,337	43,472	0.26%
Essex Bio-Technology Ltd	155,300	423,981	227,417	1.31%
Geely Automobile Holdings Ltd	27,000	177,210	136,398	0.79%
Hua Han Health Industry Holdings Limited (Note i)	958,000	739,488	-	-
New China LiFe Insurance Co Ltd	8,000	119,299	71,607	0.41%
Tongda Group Holdings Ltd	1,350,000	106,315	81,775	0.47%
Xiomi Corporation	27,000	193,214	247,708	1.43%
	<u>3,217,550</u>	<u>3,261,624</u>	<u>1,567,793</u>	<u>9.04%</u>

7. INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2023 (Cont'd.)	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
Name of Counter				
QUOTED EQUITIES				
OUTSIDE MALAYSIA (CONT'D.)				
Jakarta Stock Exchange ("JSX")				
PT Erajaya Swasembada Tbk	1,244,100	201,532	158,148	0.91%
PT Solusi Sinergi Digital Tbk	1,200,000	313,992	55,144	0.32%
PT Wir Asia Tbk	3,950,000	193,467	127,298	0.73%
PT Wijaya Karya Bangunan Gedung Tbk	600,000	36,485	14,323	0.08%
	<u>6,994,100</u>	<u>745,476</u>	<u>354,913</u>	<u>2.04%</u>
Philippines Stock Exchange ("PSE")				
Ayala Land Inc	60,900	184,339	174,134	1.00%
Haus Talk Inc	1,037,000	93,081	81,767	0.48%
Global Ferronickel Holdings Inc	1,387,600	313,885	237,252	1.37%
PureGold Price Club Inc	52,700	186,598	117,663	0.68%
	<u>2,538,200</u>	<u>777,903</u>	<u>610,816</u>	<u>3.53%</u>
Thailand Stock Exchange ("THB")				
TBN Corporation Public Company Limited	60,000	105,010	113,353	0.65%
Singapore Stock Exchange ("SGX")				
Alpina Holding Limited	182,000	177,071	115,842	0.68%
Ayondo Limited (Note ii)	1,250,000	972,238	-	-
Best World International Limited Fibrechem Technologies Ltd (Note iii)	16,800	93,072	100,503	0.58%
	188,000	-	-	-
Fortress Minerals Ltd	157,300	203,465	166,867	0.96%
Grand Venture Technology	85,100	297,171	161,313	0.94%
iX Biopharma Ltd	490,000	508,435	76,692	0.44%
Q & M Dental Group Singapore Ltd	47,120	80,709	41,792	0.24%
Trans-China Automotive Holding	378,900	270,522	144,964	0.84%
Mooreast Holdings Limited	318,000	216,771	165,905	0.96%
	<u>3,113,220</u>	<u>2,819,454</u>	<u>973,878</u>	<u>5.64%</u>
TOTAL QUOTED EQUITIES OUTSIDE MALAYSIA				
	<u>21,463,921</u>	<u>8,569,340</u>	<u>4,430,976</u>	<u>25.57%</u>
UNQUOTED CONVERTIBLE LOAN STOCK OUTSIDE MALAYSIA				
Singapore Institute of Advanced Medicine Holdings Pte. Ltd. (Note iv)	126,000	404,712	438,241	2.53%
TOTAL FINANCIAL ASSETS AT FVTPL				
	<u>30,483,108</u>	<u>15,824,581</u>	<u>9,919,638</u>	<u>57.25%</u>
SHORTFALL OF FAIR VALUE OVER COST			<u>(5,904,943)</u>	

7. INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

Name of Counter	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
2022				
QUOTED EQUITIES IN MALAYSIA				
Main Market / ACE Market				
Consumer Products and Services				
Able Global Berhad	68,900	83,287	93,015	0.51%
Leong Hup International Bhd	84,000	76,513	41,580	0.23%
NTPM Holdings Berhad	133,000	79,731	61,845	0.34%
SENHENG New Retails Berhad	453,300	420,164	274,247	1.51%
Teo Seng Capital Bhd	102,000	158,783	75,990	0.42%
	<u>841,200</u>	<u>818,478</u>	<u>546,677</u>	<u>3.01%</u>
Energy				
Hibiscus Petroleum Berhad	599,516	547,801	641,482	3.53%
Perdana Petroleum Berhad	2,265,600	203,659	283,200	1.56%
	<u>2,865,116</u>	<u>751,460</u>	<u>924,682</u>	<u>5.09%</u>
Industrial Product				
Cahaya Mata Sarawak Bhd	442,000	560,982	472,940	2.60%
CB Industrial Product Holding	156,800	199,947	172,480	0.95%
Econpile Holding Berhad	165,000	85,155	28,050	0.15%
Gabungan AQRS Berhad	283,200	181,889	73,632	0.41%
L&P Global	29,700	8,910	8,910	0.05%
Muhibbah Engineering (M) Berhad	590,150	491,938	295,075	1.62%
PESTECH International Berhad	468,600	275,438	145,266	0.80%
PESTECH International Berhad - Warrants	12,210	-	1,648	0.01%
Supercomnet Technologies Berhad	135,800	219,879	213,206	1.17%
	<u>2,283,460</u>	<u>2,024,138</u>	<u>1,411,207</u>	<u>7.76%</u>
Technology				
Evergreen Fibreboard Berhad	479,000	212,521	186,810	1.03%
Globetronics Technology berhad	159,000	323,545	184,440	1.02%
Greatech Technology Bhd	14,200	99,741	68,728	0.38%
Kronologi Asia Berhad	690,900	439,100	331,632	1.83%
Lotte Chemical Titan Holding Bhd	84,400	226,288	119,848	0.66%
MI Technovation Berhad	17,800	69,788	23,140	0.13%
Omesti Berhad - Redeemable Preference Shares	27,800	27,810	23,908	0.13%
Omesti Berhad	139,000	83,791	57,685	0.32%
Omesti Berhad - Warrants	64,866	-	6,162	0.03%
Securemetric Berhad	738,000	185,180	73,800	0.41%
Securemetric Berhad - Warrants	369,000	-	1,845	0.01%
Seng Fong Holdings Berhad	125,100	93,825	87,570	0.48%
SNS Network Technology Berhad	780,000	208,416	198,900	1.09%
	<u>3,689,066</u>	<u>1,970,005</u>	<u>1,364,468</u>	<u>7.52%</u>

7. INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2022 (Cont'd.)				Fair value as a percentage of NAV
Name of Counter	Quantity held	Cost RM	Fair value RM	
QUOTED EQUITIES IN MALAYSIA				
Main Market / ACE Market (Cont'd.)				
Plantations				
Sarawak Oil Palms Berhad	49,735	139,777	129,311	0.71%
Ta Ann Holdings Berhad	21,000	81,422	79,380	0.44%
Kuala Lumpur Kepong Berhad	8,800	189,442	196,768	1.08%
	<u>79,535</u>	<u>410,641</u>	<u>405,459</u>	<u>2.23%</u>
Properties				
KSL Holdings Berhad	227,607	202,562	176,395	0.97%
Land & General Bhd	547,800	165,409	54,780	0.30%
MKH Berhad	80,520	225,435	95,819	0.53%
Tambun Indah Land Berhad	112,000	178,059	85,680	0.47%
	<u>967,927</u>	<u>771,465</u>	<u>412,674</u>	<u>2.27%</u>
Utilities				
Mega First Corporation Berhad	39,800	93,175	132,136	0.73%
	<u>39,800</u>	<u>93,175</u>	<u>132,136</u>	<u>0.73%</u>
TOTAL QUOTED EQUITIES IN MALAYSIA				
	<u>10,766,104</u>	<u>6,839,362</u>	<u>5,197,303</u>	<u>28.61%</u>
QUOTED EQUITIES OUTSIDE MALAYSIA				
Australia Stock Exchange ("ASX")				
EQ Resources Limited	3,569,591	639,859	512,462	2.82%
Hong Kong Stock Exchange ("HKSE")				
AAC Technologies Holdings Inc.	6,000	159,705	60,467	0.33%
Alibaba Group Holding Ltd	1,500	174,814	73,084	0.40%
A-Living Smart City Services Co Ltd	20,750	190,826	110,301	0.61%
Asia Cement China	22,000	60,514	45,734	0.25%
Bank Of China Ltd	162,000	269,236	259,899	1.43%
China CITIC Bank Corp	98,000	196,850	191,546	1.05%
China Construction Bank Corp	30,000	95,223	82,871	0.46%
China Modern Dairy Holdings Ltd	442,000	298,440	247,189	1.36%
China Taiping Insurance Holdings Co Limited	11,000	116,754	60,399	0.33%
China Yuhua Education Corporation Ltd	102,000	200,028	63,958	0.35%
Essex Bio-Technology Ltd	155,300	425,220	368,462	2.03%
Geely Automobile Holdings Ltd	27,000	176,828	173,876	0.96%
Hua Han Health Industry Holdings Limited (Note i)	958,000	725,034	-	0.00%
New China LiFe Insurance Co Ltd	8,000	119,666	86,317	0.48%
Xin Point Holdings Ltd	36,200	61,579	46,011	0.25%
	<u>2,079,750</u>	<u>3,270,717</u>	<u>1,870,114</u>	<u>10.29%</u>

7. INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)
2022 (Cont'd.)

Name of Counter	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
QUOTED EQUITIES				
OUTSIDE MALAYSIA				
Jakarta Stock Exchange ("JSX")				
PT Erajaya Swasembada Tbk	1,244,100	201,533	138,113	0.76%
PT Solusi Sinergi Digital Tbk	1,200,000	316,044	44,179	0.24%
PT Wijaya Karya Bangunan Gedung Tbk PT	600,000	36,601	25,318	0.14%
PT Bank Syariah Indonesia Tbk	465,000	146,315	169,878	0.94%
	<u>3,509,100</u>	<u>700,493</u>	<u>377,488</u>	<u>2.08%</u>
Philippines Stock Exchange ("PSE")				
Ayala Land Inc	60,900	184,875	148,557	0.82%
Global Ferronickel Holdings Inc	1,387,600	314,823	275,844	1.52%
GT Capital Holdings Inc.	1,420	59,771	48,922	0.27%
Haus Talk Inc	1,037,000	93,082	88,701	0.49%
Metropolitan Bank and Trust	47,300	210,149	202,293	1.11%
PureGold Price Club Inc	52,700	187,158	145,667	0.80%
Converge Information and Communication Technology Solutions, Inc	75,000	121,331	94,327	0.52%
Security Bank Corporation	19,100	126,500	131,607	0.72%
	<u>2,681,020</u>	<u>1,297,689</u>	<u>1,135,918</u>	<u>6.25%</u>
Singapore Stock Exchange ("SGX")				
Alpina Holding Limited	182,000	177,071	92,599	0.51%
Ayondo Limited (Note ii)	1,250,000	981,960	-	-
Fibrechem Technologies (Note iii)	188,000	-	-	-
Grand Venture Technology	85,100	297,878	141,067	0.78%
iX Biopharma Ltd	490,000	494,481	207,487	1.14%
Mooreast Holding Limited	318,000	219,879	169,101	0.93%
Q&M Dental Group Singapore Ltd	47,120	81,025	48,721	0.27%
Trans-China Automotive Holding	378,900	273,417	220,142	1.21%
Wilton Resources Corp Ltd	1,983,000	158,112	136,693	0.75%
Best World International Limited	16,800	93,072	98,160	0.54%
	<u>4,938,920</u>	<u>2,776,895</u>	<u>1,113,970</u>	<u>6.13%</u>
TOTAL QUOTED EQUITIES				
OUTSIDE MALAYSIA				
	<u>16,778,381</u>	<u>8,685,653</u>	<u>5,009,952</u>	<u>27.57%</u>
UNQUOTED CONVERTIBLE LOAN				
STOCK OUTSIDE MALAYSIA				
Singapore Institute of Advanced Medicine Holdings Pte. Ltd. (Note iv)	126,000	404,712	413,595	2.28%
TOTAL FINANCIAL ASSETS AT FVTPL				
	<u>27,670,485</u>	<u>15,929,727</u>	<u>10,620,850</u>	<u>58.46%</u>
SHORTFALL OF FAIR VALUE OVER COST			<u>(5,308,877)</u>	

7. INVESTMENTS (CONT'D.)**(i) Hua Han Health Industry Holdings Limited**

These securities has been suspended since 27 September 2016 and subsequently delisted on 16 December 2020. There is no fair value for the said securities.

(ii) Ayondo Limited

These securities has been suspended since 1 February 2019 and there is no fair value for the said securities.

(iii) Fibrechem Technologies Ltd

These securities has been suspended since 25 February 2009 and there is no fair value for the said securities.

(iv) Singapore Institute of Advanced Medicine Holdings Pte. Ltd.

The investment in unquoted convertible loan made by the Fund with Singapore Institute of Advanced Medicine Holdings Pte. Ltd. ("SIAMH") is convertible into ordinary shares upon the issuance of new ordinary shares pursuant to SIAMH's proposed initial public offering and listing on the Catalist Board of Singapore Stock Exchange Securities Trading Limited ("the Proposed Listing"). The Proposed Listing exercise has yet to be completed as at the date of approval of these financial statements.

8. FINANCIAL ASSETS AT FVTOCI

	2023 RM	2022 RM
Unquoted fixed income securities (Note 7)	4,142,029	4,389,095
Amortisation of premiums, net of accretion of discounts on financial assets at FVTOCI	(50,279)	(20,193)
Unrealised gain/(loss) on changes in fair value of financial assets at FVTOCI	11,487	(50,509)
Reclassification adjustment to profit or loss on derecognition of financial assets at FVTOCI upon maturity	25,405	(1,555)
Total other comprehensive income/(loss) for the financial year	36,892	(52,064)

Financial assets at FVTOCI as at the end of the financial year end :

2023

Name of Counter	Nominal Amount RM	Cost * RM	Fair value RM	Fair value as a percentage of NAV
UNQUOTED FIXED INCOME SECURITIES				
MAYBANK IMTN 4.08% -22.02.2117 "AA3"	1,000,000	1,026,350	1,000,460	5.77%
ECO CAPITAL MTN 6.10% -13.8.2024 (Unrated)	1,000,000	1,004,691	1,024,700	5.91%
ALLIANCE IMTN 5.95% -29.03.2119 "BBB1"	250,000	261,137	250,873	1.45%
CIMB 4.880% -25.05.2116 "A1"	550,000	568,461	552,321	3.19%
AIBB IMTN3 SENIOR SUKUK MURABAHAH 4.55% -16.12.2025 "AA3"	1,000,000	1,008,049	1,011,020	5.83%
PLUS BERHAD IMTN 4.64% -10.01.2025 "AAA"	300,000	302,275	302,655	1.75%
	<u>4,100,000</u>	<u>4,170,963</u>	<u>4,142,029</u>	<u>23.90%</u>
SHORTFALL OF FAIR VALUE OVER COST			<u>(28,934)</u>	

8. FINANCIAL ASSETS AT FVTOCI (CONT'D.)

Financial assets at FVTOCI as at the end of the financial year end :

2022	Nominal Amount RM	Cost * RM	Fair value RM	Fair value as a percentage of NAV
UNQUOTED FIXED INCOME SECURITIES				
MAYBANK IMTN 4.08% -22.02.2117 "AA3"	1,000,000	1,026,631	996,450	5.49%
ECO CAPITAL MTN 6.10% -13.8.2024 (Unrated)	1,000,000	1,012,195	1,024,700	5.64%
ALLIANCE IMTN 5.95% -29.03.2119 "BBB1"	250,000	261,253	252,778	1.39%
AFFINBANK RM500M PERPETUAL AT1CS (T1) 5.80% -29.07.2118 "A3"	500,000	516,668	504,220	2.78%
SABAHDEV MTN 730D 4.20% -14.06.2023 "AA1"	250,000	250,674	249,870	1.38%
CIMB 4.880% -25.05.2116 "A1"	550,000	568,659	554,389	3.05%
AFFINBANK 5.65% -18.10.2117 "A3"	800,000	818,841	806,688	4.44%
	<u>4,350,000</u>	<u>4,454,921</u>	<u>4,389,095</u>	<u>24.17%</u>
SHORTFALL OF FAIR VALUE OVER COST			<u>(65,826)</u>	

* Cost of fixed income securities include accretion of discount and/or amortisation of premium.

9. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	2023 RM	2022 RM
Short-term deposits	<u>2,921,421</u>	<u>2,107,514</u>

The weighted average effective interest rate of the Fund's short-term deposits as at 31 December 2023 was 3.37% (2022 : 2.75%) per annum and had an original maturity period ranging from 8 to 368 days (2022 : 7 days).

10. AMOUNT DUE FROM/(TO) MANAGER

	2023 RM	2022 RM
Amount due from Manager arising from creation of units	10,000	-
Amount due to Manager for management fee payable	<u>(32,837)</u>	<u>(23,273)</u>
	<u>(22,837)</u>	<u>(23,273)</u>

11. INCOME DISTRIBUTION

Distributions to unitholders are from the following sources:

	2023	2022
	RM	RM
Dividend income	39,801	126,575
Interest income from corporate bond	30,259	72,329
Interest income from deposit with financial institution	4,638	36,164
Net realised gain from sales of investments	57,211	361,643
	<u>131,909</u>	<u>596,711</u>
Less:		
Expenses	40,979	150,082
Current year's realised gain	90,930	446,629
Distribution out of previous financial year's realised reserves	1,049,490	819,122
Distribution for the financial year	<u>1,140,420</u>	<u>1,265,751</u>
Units in circulation at book closing date	19,007,002	18,082,157
Gross distribution per unit (sen)	6.00	7.00
Net distribution per unit (sen)	6.00	7.00
Date of distribution	<u>28.04.2023</u>	<u>22.04.2022</u>

12. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (TOTAL EQUITY)

	Note	2023	2022
		RM	RM
Unitholders' capital	(a)	14,624,326	14,306,756
Retained earnings			
- Realised earnings	(b)	8,702,985	9,629,814
- Unrealised losses	(c)	(5,970,171)	(5,705,234)
		2,732,814	3,924,580
FVTOCI reserve		(28,934)	(65,826)
Total equity/ Net asset value		<u>17,328,206</u>	<u>18,165,510</u>

(a) Unitholders' Capital

	2023		2022	
	Number of units	RM	Number of units	RM
Balance at beginning of the financial year	18,979,941	14,306,756	17,391,470	12,594,183
Add: Creation of units	1,556,672	1,360,669	2,119,111	2,141,229
Less: Cancellation of units	(1,217,633)	(857,025)	(530,640)	(494,045)
Distribution equalisation	-	(186,074)	-	65,389
Balance at end of the financial year	<u>19,318,980</u>	<u>14,624,326</u>	<u>18,979,941</u>	<u>14,306,756</u>

(b) Realised - Distributable

	2023	2022
	RM	RM
Balance at the beginning of the financial year	9,629,814	10,187,087
Net loss after taxation	(51,346)	(1,693,735)
Net unrealised loss attributable to investments held transferred to unrealised reserve	264,937	2,402,213
Distribution out of realised reserve	(1,140,420)	(1,265,751)
Balance at end of the financial year	<u>8,702,985</u>	<u>9,629,814</u>

12. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (TOTAL EQUITY) (CONT'D.)

(c) Unrealised - Non-distributable

	2023	2022
	RM	RM
Balance at the beginning of the financial year	(5,705,234)	(3,303,021)
Net unrealised loss attributable to investments held transferred from realised reserve	<u>(264,937)</u>	<u>(2,402,213)</u>
Balance at end of the financial year	<u>(5,970,171)</u>	<u>(5,705,234)</u>

13. NET ASSET VALUE PER UNIT

Net asset value attributable to unitholders is classified as equity in the statement of financial position.

For the purpose of calculation of net asset value attributable to unitholders per unit, quoted financial assets in the financial statements are stated at the last done market price consistent with that used for issuance and redemption of units in accordance with the Deed.

14. UNITS HELD BY RELATED PARTIES

	2023		2022	
	Number of units	Valued at NAV RM	Number of units	Valued at NAV RM
Director of the Manager #	<u>9,729</u>	<u>8,727</u>	<u>9,133</u>	<u>8,741</u>

The Director is a legal and beneficial owner of the units

15. TRANSACTIONS WITH BROKERS

Details of transactions with stockbroking companies are as follows:

2023	Value of trade RM	Percentage of total trade	Brokerage Fees RM	Percentage of total brokerage fee
Phillip Capital	699,410	10.32%	1,437	8.20%
CLSA Securities Malaysia Sdn Bhd	590,812	8.72%	5,105	29.12%
CCB International Securities Limited	542,827	8.01%	1,357	7.74%
CIMB Investment Bank Bhd	490,036	7.23%	773	4.41%
Asiasec Equities, Inc	420,255	6.20%	1,051	6.00%
OUB Kay Hian Securities (M) Sdn Bhd	372,148	5.49%	776	4.43%
RHB Investment Bank Berhad	337,727	4.98%	760	4.34%
Bri Danareksa Sekuritas	327,611	4.83%	590	3.37%
Maybank Investment Bank Berhad	313,560	4.63%	627	3.58%
Maybank Atr Kim Eng Securities Inc	301,256	4.45%	753	4.30%
Others	<u>2,380,893</u>	<u>35.14%</u>	<u>4,301</u>	<u>24.51%</u>
	<u>6,776,535</u>	<u>100.00%</u>	<u>17,530</u>	<u>100.00%</u>

15. TRANSACTIONS WITH BROKERS (CONT'D.)

Details of transactions with stockbroking companies are as follows: (Cont'd.)

2022	Value of trade RM	Percentage of total trade	Brokerage Fees RM	Percentage of total brokerage fee
CCB International Securities Limited	1,211,692	12.45%	3,029	15.76%
MIDF Amanah Investment Bank Berhad	1,164,720	11.96%	1,747	9.09%
Maybank ATR Kim Eng Securities Inc	672,897	6.91%	1,682	8.75%
CIMB Investment Bank Bhd	646,779	6.64%	2,401	12.49%
Bri Danareksa Sekuritas	634,890	6.52%	2,145	11.16%
Affin Hwang Capital Investment Bank	507,766	5.22%	634	3.30%
Maybank Investment Bank Berhad	467,824	4.81%	736	3.83%
UOB Kay Hian Securities (M) Sdn Bhd	429,029	4.41%	897	4.67%
Kenanga Investment Bank Berhad	368,135	3.78%	736	3.83%
Asiasec Equities, Inc	360,589	3.70%	901	4.69%
Others	3,271,147	33.60%	4,312	22.43%
	<u>9,735,468</u>	<u>100.00%</u>	<u>19,220</u>	<u>100.00%</u>

16. TOTAL EXPENSE RATIO

This is the ratio of the sum of the fees (inclusive of the manager, trustee, audit and other professional fees) and other administrative expenses of the Fund to the average NAV of the Fund calculated on a daily basis. The average NAV of the Fund for the financial year ended 31 December 2023 was RM18,083,922 (2022: RM18,642,428).

	2023	2022
Total expense ratio	<u>1.89%</u>	<u>1.87%</u>

17. PORTFOLIO TURNOVER RATIO

This is the ratio of average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund calculated on a daily basis.

	2023	2022
Portfolio turnover (times)	<u>0.21</u>	<u>0.28</u>

18. SEGMENT INFORMATION

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

- * A portfolio of equity instruments
- * A portfolio of fixed income portfolio, including debt securities and deposits with financial institutions

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

18. SEGMENT INFORMATION (CONT'D.)

	Equity Portfolio RM	Fixed Income Portfolio RM	Total RM
2023			
Gross dividend income	208,682	-	208,682
Interest income	-	310,082	310,082
Net loss on financial assets at FVTPL	(137,359)	-	(137,359)
Amortisation of premiums, net of accretion of discounts on financial assets at FVTOCI	-	(50,279)	(50,279)
Reclassification adjustment from other comprehensive income on derecognition of financial assets at FVTOCI upon maturity	-	(25,405)	(25,405)
Net realised loss on foreign exchange	(3,265)	-	(3,265)
Total segment operating income for the financial year	<u>68,058</u>	<u>234,398</u>	<u>302,456</u>
Deposits with licensed financial institutions	-	2,921,421	2,921,421
Financial assets at FVTPL	9,919,638	-	9,919,638
Financial assets at FVTOCI	-	4,142,029	4,142,029
Other assets	42,602	53,479	96,081
Total segment assets	<u>9,962,240</u>	<u>7,116,929</u>	<u>17,079,169</u>
Total segment liabilities	-	-	-
2022			
Gross dividend income	338,333	-	338,333
Interest income	-	296,624	296,624
Net loss on financial assets at FVTPL	(1,916,032)	-	(1,916,032)
Amortisation of premiums, net of accretion of discounts on financial assets at FVTOCI	-	(20,193)	(20,193)
Net realised loss on foreign exchange	(232)	-	(232)
Total segment operating (loss)/profit for the financial year	<u>(1,577,931)</u>	<u>276,431</u>	<u>(1,301,500)</u>
Deposits with licensed financial institutions	-	2,107,514	2,107,514
Financial assets at FVTPL	10,620,850	-	10,620,850
Financial assets at FVTOCI	-	4,389,095	4,389,095
Other assets	12,624	61,171	73,795
Total segment assets	<u>10,633,474</u>	<u>6,557,780</u>	<u>17,191,254</u>
Total segment liabilities	-	-	-

During the financial year, there were no transactions between operating segments.

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

	2023 RM	2022 RM
Net reportable segment operating income/(loss)	302,456	(1,301,500)
Expenses	<u>(341,610)</u>	<u>(348,358)</u>
Net loss before taxation	(39,154)	(1,649,858)
Taxation	<u>(12,192)</u>	<u>(43,877)</u>
Net loss after taxation	<u>(51,346)</u>	<u>(1,693,735)</u>

18. SEGMENT INFORMATION (CONT'D.)

In addition, certain assets and liabilities are not considered to be part of the assets or liabilities of an individual segment. The following table provides reconciliation between the total reportable segment assets and liabilities and total assets and liabilities of the Fund.

	2023	2022
	RM	RM
Total segment assets	17,079,169	17,191,254
Amount due to/from Manager	10,000	-
Tax recoverable	42,573	5,481
Cash at bank	<u>251,186</u>	<u>1,009,007</u>
Total assets of the Fund	<u>17,382,928</u>	<u>18,205,742</u>
Total segment liabilities	-	-
Amount due to Manager	32,837	23,273
Amount due to Trustee	1,410	1,405
Other payables and accruals	<u>20,475</u>	<u>15,554</u>
Total liabilities of the Fund	<u>54,722</u>	<u>40,232</u>

19. FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	RM	RM	RM	RM	RM
2023					
Financial Assets					
Investments	9,919,638	4,142,029	-	-	14,061,667
Deposits with licensed financial institutions	-	-	2,921,421	-	2,921,421
Amount due from Manager	-	-	10,000	-	10,000
Amount due from brokers	-	-	29,694	-	29,694
Other receivables	-	-	66,387	-	66,387
Cash at bank	-	-	<u>251,186</u>	-	<u>251,186</u>
Total financial assets	<u>9,919,638</u>	<u>4,142,029</u>	<u>3,278,688</u>	<u>-</u>	<u>17,340,355</u>
Financial Liabilities					
Amount due to Manager	-	-	-	32,837	32,837
Amount due to Trustee	-	-	-	1,410	1,410
Other payables and accruals	-	-	-	<u>20,475</u>	<u>20,475</u>
Total financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,722</u>	<u>54,722</u>

19. FINANCIAL INSTRUMENTS (CONT'D.)

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

	Financial assets at FVTPL RM	Financial assets at FVTOCI RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2022					
Financial Assets					
Investments	10,620,850	4,389,095	-	-	15,009,945
Deposits with licensed financial institutions	-	-	2,107,514	-	2,107,514
Other receivables	-	-	73,795	-	73,795
Cash at bank	-	-	1,009,007	-	1,009,007
Total financial assets	10,620,850	4,389,095	3,190,316	-	18,200,261
Financial Liabilities					
Amount due to Manager	-	-	-	23,273	23,273
Amount due to Trustee	-	-	-	1,405	1,405
Other payables and accruals	-	-	-	15,554	15,554
Total financial liabilities	-	-	-	40,232	40,232

(b) Fair Value

(i) Financial instruments that are carried at fair value

The Fund uses the following level of fair value hierarchy for determining and disclosing the fair value of financial instruments carried at fair value in the statement of financial position:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

The Fund's financial assets at FVTPL and financial assets at FVTOCI are carried at fair value. The fair values of these financial assets were determined using prices in active markets for identical assets.

Quoted equity instruments

Fair value of quoted equity instruments is determined directly by reference to their published market prices on the relevant stock exchanges at the reporting date. The fair value of quoted equity instruments which have lost active trading market due to suspension in their trading, is determined by reference to their published net tangible assets.

Unquoted fixed income securities

The published market prices for RM-denominated unquoted bonds are based on information provided by Bond Pricing Agency Malaysia Sdn Bhd.

The Fund held the following financial instruments carried at fair value on the statement of financial position as at the end of the financial year :

19. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Fair Value (Cont'd.)

(i) Financial instruments that are carried at fair value (Cont'd.)

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2023				
Financial assets at FVTPL				
- Quoted equities	9,481,397	-	-	9,481,397
- Unquoted convertible loan stock	-	-	438,241	438,241
Financial assets at FVTOCI				
- Fixed income securities	-	4,142,029	-	4,142,029
	<u>9,481,397</u>	<u>4,142,029</u>	<u>438,241</u>	<u>14,061,667</u>
2022				
Financial assets at FVTPL				
- Quoted equities	10,207,255	-	-	10,207,255
- Unquoted convertible loan stock	-	-	413,595	413,595
Financial assets at FVTOCI				
- Fixed income securities	-	4,389,095	-	4,389,095
	<u>10,207,255</u>	<u>4,389,095</u>	<u>413,595</u>	<u>15,009,945</u>

The fair value of the Fund's investment in unquoted convertible loan stock is classified within Level 3 of the fair value hierarchy. Since the convertible loan stock is not traded in an active market and is of short-term in-nature pending the completion of the proposed initial public offering and listing exercise as explained in Note 7(c), the fair value of the unquoted convertible loan has been estimated to be equivalent to the cost of the Fund's investment.

(ii) Financial instruments not carried at fair value

Financial instruments not carried at fair value comprise financial assets and financial liabilities subsequently measured at amortised cost. The carrying amount of these financial instruments at the end of the financial year approximated their fair values due to their short-term to maturity.

20. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

The Fund maintains investment portfolios in a variety of quoted and unquoted financial instruments as dictated by its Deeds and investment management strategy.

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

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

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

(a) Market Risk

The Fund's principal exposure to market risk arises primarily due to changes or developments in the market environment and typically includes changes in regulations, politics and the economy of the country. Market risk is also influenced by global economics and geopolitical developments. The Fund seeks to diversify away some of this risk by investing into different sectors to mitigate risk exposure to any single asset class.

The Fund's market risk is affected primarily due to changes in market prices, interest rates and foreign currency exchange rates.

(i) Equity Price Risk

Equity price risk is the risk of unfavourable changes in the fair value of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in equity securities.

The table below demonstrates the sensitivity of the Fund's net loss after taxation and NAV to a reasonably possible change in equity prices, as at the end of the financial year, with all other variables held constant :

	2023		2022	
	Impact on net loss after taxation		Impact on net loss after taxation	
	Lower / RM	(Higher) RM	Lower / RM	(Higher) RM
Change in equity price by +6%/-6%	568,884	(568,884)	612,435	(612,435)

	2023		2022	
	Impact on NAV		Impact on NAV	
	Increase / RM	(Decrease) RM	Increase / RM	(Decrease) RM
Change in equity price by +6%/-6%	568,884	(568,884)	612,435	(612,435)

(ii) Interest Rate Risk

This risk refers to the effect of interest rate changes on the valuation of fixed income securities. In the event of rising interest rates, the return on deposits with licensed financial institutions will rise while valuation of bond will decrease and vice versa, thus affecting the net asset value of the Fund. This risk will be minimised via the management of the duration structure of the portfolio of fixed income securities.

The following table demonstrates the sensitivity of the Fund's NAV to a reasonably possible change in interest rate on fixed income securities as at the end of the financial year, with all other variables held constant :

	2023		2022	
	Impact on NAV		Impact on NAV	
	(Decrease) / RM	Increase RM	(Decrease) / RM	Increase RM
Change in interest rate by +25bps/-25bps *	(10,355) /	10,355	(10,973) /	10,973

* *bps = basis points*

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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

(iii) Currency risk

The Fund is exposed to currency risk primarily through its investments in overseas securities that are denominated in foreign currencies. The Fund's foreign currency exposure profile of its investments in overseas securities is disclosed under Note 7(b).

The table below demonstrates the sensitivity of the Fund's net loss after taxation and NAV to +/-10% change in foreign currency exchange rates as at the end of the financial year, with all other variables held constant :

	2023		2022	
	Impact on net loss after taxation		Impact on net loss after taxation	
	Lower / RM	(Higher) RM	Lower / RM	(Higher) RM
-Singapore Dollar	141,212	(141,212)	152,756	(152,756)
-Thai Baht	11,335	(11,335)	-	-
-Philippines Peso	61,082	(61,082)	113,592	(113,592)
-Indonesian Rupiah	35,491	(35,491)	37,749	(37,749)
-Hong Kong Dollar	156,779	(156,779)	187,011	(187,011)
-Australian Dollar	81,022	(81,022)	51,246	(51,246)
	<u>486,921</u>	<u>(486,921)</u>	<u>542,354</u>	<u>(542,354)</u>

(b) Credit Risk

The Fund's principal exposure to credit risk arises primarily due to changes in the financial conditions of companies issuing debt securities and stockbroking companies, which may affect their creditworthiness. This in turn may lead to default in the payment. Such events can lead to loss of capital or delayed or reduced income for the Fund resulting in a reduction in the Fund's asset value and thus unit price. This risk is mitigated by vigorous credit analysis and diversification of the bond portfolio of the Fund and to engage different stockbroking companies with good reputation. Bond rating of the Fund's portfolio is disclosed in Note 8.

The Fund's investments in debt securities, deposits with licensed financial institutions and bank balances are of high credit ratings while short-term receivables including amounts due from Manager and brokers are of short maturities; hence probability of their default on contractual obligations is deemed negligible. Accordingly, no allowance is required for their expected credit losses in accordance with the accounting policies as disclosed in Note 3.2. The carrying amount of the financial assets represents the maximum credit risk exposure for the Fund.

(c) Liquidity Risk

This risk occurs in thinly traded or illiquid equity securities. Should the Fund need to sell a relatively large amount of such securities, the act itself may significantly depress the selling price. As the Fund is exposed to daily redemption of units, the risk is minimized by placing a prudent level of funds in short-term deposits and by investing in stocks whose liquidity is adjudged to be commensurate with the expected exposure level of the Funds.

The following table summarises the maturity profile of the Fund's financial liabilities and the corresponding assets available to meet commitments associated with those financial liabilities and redemption by the unitholders.

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

(c) Liquidity Risk (Cont'd.)

	1 month - 3 months RM	4 months - 3 years RM	Above 3 years RM	Total RM
2023				
Financial assets :				
- Financial assets at FVTPL	9,919,638	-	-	9,919,638
- Financial assets at FVTOCI	-	2,338,375	1,803,654	4,142,029
- Deposits with licensed financial institutions	2,921,421	-	-	2,921,421
- Other assets	357,267	-	-	357,267
Total undiscounted financial assets	13,198,326	2,338,375	1,803,654	17,340,355
Non-financial assets	42,573	-	-	42,573
Total assets	13,240,899	2,338,375	1,803,654	17,382,928
Financial liabilities :				
- Other liabilities	54,722	-	-	54,722
Total undiscounted financial liabilities	54,722	-	-	54,722
Non-financial liabilities	-	-	-	-
Total liabilities	54,722	-	-	54,722
Unitholders' NAV	13,186,177	2,338,375	1,803,654	17,328,206
Liquidity gap	-	-	-	-
	1 month - 3 months RM	4 months - 3 years RM	Above 3 years RM	Total RM
2022				
Financial assets :				
- Financial assets at FVTPL	10,620,850	-	-	10,620,850
- Financial assets at FVTOCI	-	1,274,570	3,114,525	4,389,095
- Deposits with licensed financial institutions	2,107,514	-	-	2,107,514
- Other assets	1,082,802	-	-	1,082,802
Total undiscounted financial assets	13,811,166	1,274,570	3,114,525	18,200,261
Non-financial assets	5,481	-	-	5,481
Total assets	13,816,647	1,274,570	3,114,525	18,205,742
Financial liabilities :				
- Other liabilities	40,232	-	-	40,232
Total undiscounted financial liabilities	40,232	-	-	40,232
Non-financial liabilities	-	-	-	-
Total liabilities	40,232	-	-	40,232
Unitholders' NAV	13,776,415	1,274,570	3,114,525	18,165,510
Liquidity gap	-	-	-	-

20. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(d) Stock Specific Risk**

The Fund is exposed to the individual risk of the respective companies issuing securities which includes changes to the business performance of the company, consumer tastes and demand, lawsuits and management practices. This risk is minimised through the well diversified nature of the Fund.

(e) Single Issuer Risk

The Fund's exposure to securities issued by any issuer is limited to not more than a certain percentage of its net asset value. Under such restriction, the risk exposure to the securities of any issuer is minimised.

(f) Capital Management

The capital is represented by unitholders' subscription to the Fund. The amount of capital can change significantly on a daily basis as the Fund is subject to daily redemption and subscription at the discretion of unitholders. The Manager manages the Fund's capital with the objective of maximising unitholders' value, while maintaining sufficient liquidity to meet unitholders' redemption as explained in Note 20(c) above.

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF DANA MAKMUR PHEIM ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 December 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Pheim Unit Trusts Berhad has operated and managed the Fund during the financial year covered by these financial statements in accordance with the following:

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

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

For **Maybank Trustees Berhad**
[Company No. : 196301000109 (5004-P)]

NORHAZLIANA BINTI MOHAMMED HASHIM
Head, Unit Trust & Corporate Operations

Kuala Lumpur, Malaysia

Date : 21 February 2024

STATEMENT BY MANAGER TO THE UNIT HOLDERS OF DANA MAKMUR PHEIM

We, Teh Song Lai and Hoi Weng Kong, being two of the directors (alternate director and director respectively) of Pheim Unit Trusts Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements of Dana Makmur Pheim are drawn up in accordance with the Deeds, Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission Malaysia's *Guidelines on Unit Trust Funds* so as to give a true and fair view of the financial position of Dana Makmur Pheim as at 31 December 2023 and of its financial performance and cash flows for the financial year then ended.

On behalf of the Manager,
PHEIM UNIT TRUSTS BERHAD

TEH SONG LAI
Alternate Director to Dr. Tan Chong Koay

HOI WENG KONG
Director

Kuala Lumpur, Malaysia

Date : 21 February 2024

SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF DANA MAKMUR PHEIM

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Pheim Unit Trusts Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The asset of the Fund comprises of instruments that have been classified as Shariah compliant except for Natural Food International Holdings Ltd, Tungsten Mining NL and Ramayana Lestari Sentosa Tbk PT securities, which have been reclassified as Shariah non-compliant by the Shariah Adviser.
3. We also confirm that the investment portfolio of the Fund comprises securities which have been classified as Shariah compliant by the Shariah Advisory Council of the SC ("SACSC") except for Advancecon Holdings Bhd, which have been reclassified as Shariah non-compliant.
4. These 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 disclosed in the Fund's prospectus.

For Amanie Advisors Sdn Bhd

TAN SRI DR. MOHD DAUD BAKAR

Executive Chairman

Kuala Lumpur, Malaysia

Date : 21 February 2024

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF DANA MAKMUR PHEIM

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DANA MAKMUR PHEIM ("the Fund"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in net asset value attributable to unitholders and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 7 to 39.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission Malaysia's *Guidelines on Unit Trust Funds*.

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, PHEIM UNIT TRUSTS BERHAD, is responsible for the other information. The other information comprises the information on the Fund together with the Manager's Report included in the Annual Report of the Funds managed by the Manager 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.

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd.)

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

Responsibilities of the Manager and Trustee for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission Malaysia's *Guidelines on Unit Trust Funds*. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable the preparation of financial statements that are true and fair.

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 have 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 skepticism throughout the audit. We also :-

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

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd.)

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements 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 unitholders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

FOLKS DFK & CO.
NO. : AF 0502
CHARTERED ACCOUNTANTS

Kuala Lumpur

Date : 21 February 2024

SAM SIOW CHENG
NO. : 03306/06/2025 J
CHARTERED ACCOUNTANT

DANA MAKMUR PHEIM
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM	2022 RM
INVESTMENT INCOME/(LOSS)			
Gross dividend income		3,275,527	3,676,347
Profit from Shariah-compliant investments :			
- financial assets at amortised cost		909,829	1,153,554
- financial assets at fair value through other comprehensive income ("FVTOCI")		4,023,724	3,623,618
Net loss on financial assets at fair value through profit or loss ("FVTPL")	7(a)	(1,845,966)	(18,506,721)
Reclassification adjustment from other comprehensive income on derecognition of financial assets at FVTOCI upon maturity		(25,936)	-
Net realised loss on disposals of financial assets at FVTOCI		(414,160)	-
Amortisation of premiums, net of accretion of discounts on financial assets at FVTOCI	8	(834,461)	(534,208)
Net realised (loss)/gain on foreign exchange		(17,609)	3,396
		<u>5,070,948</u>	<u>(10,584,014)</u>
EXPENSES			
Manager's fee	4	4,311,939	4,029,720
Trustee's fee	5	158,104	154,192
Auditor's remuneration		10,000	9,000
Tax agent's fee		3,000	3,000
Brokerage fees and other transaction costs		241,027	250,842
Administrative expenses		54,569	53,056
		<u>4,778,639</u>	<u>4,499,810</u>
Net income/(loss) before taxation		292,309	(15,083,824)
Taxation	6	(104,971)	(137,112)
Net income/(loss) after taxation		<u>187,338</u>	<u>(15,220,936)</u>
Other comprehensive income			
<i>Item that will be reclassified subsequently to profit or loss</i>			
Net gain/(loss) on changes in fair value of financial assets at FVTOCI	8	245,921	(600,782)
Reclassification adjustment to profit or loss on derecognition of financial assets at FVTOCI	8	427,846	(9,384)
Total other comprehensive income/(loss) for the financial year		<u>673,767</u>	<u>(610,166)</u>
Total comprehensive income/(loss) for the financial year		<u>861,105</u>	<u>(15,831,102)</u>
Net income/(loss) after taxation is made up of the following :			
Net realised income		8,161,126	5,156,578
Net unrealised loss		(7,973,788)	(20,377,514)
		<u>187,338</u>	<u>(15,220,936)</u>
Distribution for the financial year :			
Net distribution (RM)	12	16,598,901	16,572,654
Net distribution per unit (sen)	12	6.00	7.00
Gross distribution per unit (sen)	12	6.00	7.00

The accompanying notes form an integral part of the financial statements.

**DANA MAKMUR PHEIM
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Note	2023 RM	2022 RM
ASSETS			
Shariah-compliant investments	7	234,529,623	231,265,440
Shariah-based deposits with licensed financial institutions	9	45,041,777	41,496,318
Other receivables		1,213,943	975,858
Cash at bank		11,599,750	1,315,157
Tax recoverable		135,618	71,365
TOTAL ASSETS		<u>292,520,711</u>	<u>275,124,138</u>
LIABILITIES			
Amount due to Manager	11	189,485	760,590
Amount due to Trustee		13,653	12,842
Amount due to brokers		40,180	-
Other payables and accruals		50,284	41,788
TOTAL LIABILITIES		<u>293,602</u>	<u>815,220</u>
NET ASSET VALUE OF THE FUND		<u>292,227,109</u>	<u>274,308,918</u>
EQUITY			
Unitholders' capital	13(a)	324,068,238	290,412,251
Accumulated losses	13	(31,655,523)	(15,243,960)
FVTOCI reserve		(185,606)	(859,373)
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (TOTAL EQUITY)	13	<u>292,227,109</u>	<u>274,308,918</u>
UNITS IN CIRCULATION	13 (a)	<u>296,395,940</u>	<u>262,785,774</u>
NET ASSET VALUE ("NAV") PER UNIT	14	<u>0.9859</u>	<u>1.0438</u>

The accompanying notes form an integral part of the financial statements.

DANA MAKMUR PHEIM
STATEMENT OF CHANGES IN NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Unitholders' capital RM	Retained earnings/ Accumulated losses RM	FVTOCI reserve RM	Total equity RM
Balance at 1 January 2022	247,895,189	16,549,630	(249,207)	264,195,612
Net loss for the financial year	-	(15,220,936)	-	(15,220,936)
Other comprehensive loss :				
- Net loss on changes in fair value of financial assets at FVTOCI	-	-	(600,782)	(600,782)
- Reclassification adjustment to profit or loss on derecognition of financial assets at FVTOCI	-	-	(9,384)	(9,384)
Total comprehensive loss for the financial year	-	(15,220,936)	(610,166)	(15,831,102)
Creation of units	39,797,775	-	-	39,797,775
Cancellation of units	(6,039,493)	-	-	(6,039,493)
Distribution equalisation	8,758,780	-	-	8,758,780
Income distribution (Note 12)	-	(16,572,654)	-	(16,572,654)
Total transactions with unitholders	42,517,062	(16,572,654)	-	25,944,408
Balance at 31 December 2022	290,412,251	(15,243,960)	(859,373)	274,308,918
Net income for the financial year	-	187,338	-	187,338
Other comprehensive income :				
- Net gain on changes in fair value of financial assets at FVTOCI	-	-	245,921	245,921
- Reclassification adjustment to profit or loss on derecognition of financial assets at FVTOCI	-	-	427,846	427,846
Total comprehensive income for the financial year	-	187,338	673,767	861,105
Creation of units	53,319,507	-	-	53,319,507
Cancellation of units	(19,455,349)	-	-	(19,455,349)
Distribution equalisation	(208,171)	-	-	(208,171)
Income distribution (Note 12)	-	(16,598,901)	-	(16,598,901)
Total transactions with unitholders	33,655,987	(16,598,901)	-	17,057,086
Balance at 31 December 2023	324,068,238	(31,655,523)	(185,606)	292,227,109

The accompanying notes form an integral part of the financial statements.

DANA MAKMUR PHEIM
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023	2022
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of Shariah-compliant investments	76,141,804	24,344,651
Purchase of Shariah-compliant investments	(71,955,234)	(69,381,061)
Dividends received	3,184,512	3,374,582
Purchase of Sukuk	(45,502,630)	(7,106,437)
Proceeds from sale of Sukuk	10,535,518	-
Proceeds received from Sukuk on maturity	21,950,000	9,500,000
Profit received from Islamic deposits with licensed financial institutions and Sukuk	5,017,646	4,905,010
Management fee paid	(4,291,803)	(4,014,362)
Trustee's fee paid	(157,366)	(156,977)
Payments for other fees and expenses	(58,518)	(58,144)
Income distribution paid	(66,797)	(48,357)
Tax paid	(98,431)	(88,365)
Net cash used in operating and investing activities	<u>(5,301,299)</u>	<u>(38,729,460)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	38,349,882	35,591,453
Payment for cancellation of units	(19,218,531)	(8,326,195)
Net cash from financing activities	<u>19,131,351</u>	<u>27,265,258</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13,830,052	(11,464,202)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>42,811,475</u>	<u>54,275,677</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>56,641,527</u>	<u>42,811,475</u>
Cash and cash equivalents comprise the following :		
Shariah-based deposits with licensed financial institutions (Note 9)	45,041,777	41,496,318
Cash at bank	11,599,750	1,315,157
	<u>56,641,527</u>	<u>42,811,475</u>

The accompanying notes form an integral part of the financial statements.

**DANA MAKMUR PHEIM
NOTES TO THE FINANCIAL STATEMENTS ENDED 31 DECEMBER 2023**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Dana Makmur Pheim ("the Fund") was established pursuant to a Master Deed dated 11 January 2002 as amended and modified and supplemented by a Supplemental Master Deed dated 3 November 2008 made between HSBC Trustee (Malaysia) Berhad and Pheim Unit Trusts Berhad ("the Manager"), a Second Supplemental Master Deed dated 29 April 2013, Third Supplemental Master Deed dated 30 April 2015 and the Fourth Supplemental Master Deed dated 10 January 2023 (collectively referred to as "the Deeds") made between the Manager and Maybank Trustees Berhad ("the Trustee").

The objective of the Fund is to provide Unit Holders with steady income and some prospects for capital appreciation in the longer term by investing in a balanced portfolio of equities and fixed income instruments which strictly comply with the principles of the Shariah. The Fund is to invest in "Permitted Investments" in accordance with Part 7 of the Deed comprising :

- (a) Shariah-compliant securities certified by the SACSC. For securities not certified by the SACSC, the Shariah-compliant status of the securities has been determined in accordance with the ruling issued by the Shariah Adviser;
- (b) Shariah-compliant securities of Malaysian companies listed on approved stock exchange(s);
- (c) Shariah-compliant securities listed in foreign markets that are permitted by the SC and are approved/verified by the Shariah Adviser;
- (d) Sukuk generally in the form of corporate sukuk or Islamic commercial papers;
- (e) Unlisted Shariah-compliant securities whether or not approved for listing and quotation under the rules of an eligible market, which are offered directly to the Fund by the issuer;
- (f) Government Investment Issues (GII), Islamic accepted bills, Bank Negara Monetary Notes-i, Cagamas sukuk and any other government approved/guaranteed Islamic issues;
- (g) Units or shares of other Islamic collective investments schemes;
- (h) Islamic investment accounts and Islamic money market instruments with financial institutions;
 - (i) Islamic derivatives traded on an exchange or over-the-counter and as approved by the SACSC and/or the Shariah Adviser (for hedging purposes only);
 - (j) Islamic structured products by an eligible issuer (for Islamic structured products issued in Malaysia) or an issuer regulated by the relevant regulatory authority (for Islamic structured products issued outside Malaysia);
- (k) Any other form of Shariah-compliant investments as may be agreed upon by the Manager and the Trustee from time to time; and
- (l) Any other form of Shariah-compliant investments as may be permitted by the SC from time to time.

The Manager, Pheim Unit Trusts Berhad, is a public limited company incorporated in Malaysia. It is a wholly owned subsidiary of Pheim Asset Management Sdn Bhd, a private company incorporated in Malaysia. Its principal activity is the management of unit trust funds. Pheim Asset Management Sdn Bhd has been appointed by the Manager as the External Investment Manager of the Fund with the responsibility for providing investment management services to the Fund.

The principal place of business of the Fund is located at 7th Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur.

The financial statements are presented in Ringgit Malaysia (RM).

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with the resolution of the directors on 21 February 2024.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Securities Commission Malaysia's *Guidelines on Unit Trust Funds*.

2.2 Basis of Measurement

The financial statements of the Fund are prepared under the historical cost convention except for debt and equity financial assets that have been measured at fair value.

2.3 Application of New MFRS and Amendments to MFRSs That Are Effective on 1 January 2023

During the financial year, the Fund has applied certain new MFRS and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which became effective for annual accounting period beginning on 1 January 2023. The initial application of those new MFRS and amendments to MFRSs has no impact on the financial statements of the Fund, other than as explained below.

Amendments to MFRS 101 and MFRS Practice Statement 2 - Disclosure of Accounting Policies

The Fund adopted the Amendments from 1 January 2023. The Amendments changed the requirements in MFRS 101 to disclose 'material accounting policy information' rather than 'significant accounting policies' and must be of entity-specific. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The Amendments have also added guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Amendments have had an impact on the disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

2.4 Amendments to MFRSs That Are In Issue But Not Yet Effective and Have Not Been Early Adopted

A number of amendments to MFRSs issued by the MASB which are effective for annual accounting periods beginning after 1 January 2023 have not been early adopted by the Fund. None of these amendments to MFRSs are expected to have material effect on the financial statements of the Fund in the period of initial application.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below are consistent with those applied by the Fund in the previous financial year.

3.1 Financial Assets

Financial assets are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instruments. Regular way of purchase and sale of investments in financial instruments are recognised on trade dates, i.e. the date on which the Fund commits to purchase or sell the investments. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs, for investments not at fair value through profit or loss. Transaction costs for investments carried at fair value through profit or loss are charged to profit or loss.

Subsequent to initial recognition, financial assets are measured in accordance with their classification on initial recognition.

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

The Fund determines the classification of its financial assets at initial recognition into the following categories for subsequent measurement depending on the basis of both its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.1 Financial Assets (Cont'd.)

(a) Financial assets at amortised cost

Financial assets which are debt instruments are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. The Fund's financial assets at amortised cost comprised other receivables, Shariah-based deposits with licensed financial institutions and cash at bank. Subsequent to initial recognition, the debt instruments are subsequently measured at amortised cost using the effective profit method less any allowance for impairment. Gains or losses are recognised in profit or loss when the debt instruments are derecognised or impaired, and through the amortisation process.

(b) Financial assets at fair value through other comprehensive income ("FVTOCI")

Debt instruments are measured at FVTOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. The Fund's FVTOCI financial assets consist of unquoted Sukuk as disclosed in Note 8.

Subsequent to initial recognition, the gains or losses from changes in fair value of the debt instruments are recognised in other comprehensive income, except for impairment gains or losses, foreign exchange gains and losses, and profit calculated using effective profit method which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the debt instrument is derecognised.

(c) Financial assets at fair value through profit or loss ("FVTPL")

The Fund's financial assets at FVTPL comprised equity investments and debt instruments which are held under a business model to manage and evaluate their performance on a fair value basis.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value with changes in fair value recognised in profit or loss and presented as "Net gain or loss on financial assets at FVTPL". Profit and dividend earned from such instruments are recognised and presented separately as "Interest income" and "Gross dividend income", respectively in profit or loss. Foreign exchange differences on financial assets at FVTPL are not recognised separately in profit and loss but included in net gains or net losses on changes in fair value of financial assets at FVTPL.

3.2 Impairment of Financial Assets

The Fund assesses financial assets at FVTOCI and at amortised cost for expected credit losses ("ECLs") and account for the ECLs and changes in those ECLs at each reporting date to reflect changes in their credit risk since initial recognition. ECLs represent a probability-weighted estimate of the difference between present value of contractual cash flows attributable to a financial asset and present value of cash flows the Fund expects to receive over the remaining life of the financial asset. When a financial asset is credit-impaired, the ECLs shall be measured as the difference between the gross carrying amount of the asset and the present value of the estimated future cash flows. A financial asset is written off when the Fund has no reasonable expectations of recovering the contractual cash flows.

(a) Financial assets at FVTOCI

The Fund recognises an allowance for ECLs on debt instruments at FVTOCI to reflect their credit exposures at the reporting date. If the credit risk on the debt instruments has increased significantly since initial recognition, a loss allowance which equal to the lifetime ECLs is recognised, irrespective of the timing of default events that are possible. If there has not been a significant increase in the credit risk since initial recognition, a loss allowance which equal to 12-month ECLs is recognised for the effect of default events that are possible within the next 12 months. The cumulative loss allowance does not reduce the carrying amount of debt instruments at FVTOCI and is recognised in other comprehensive income. An impairment loss or gain is recognised in profit or loss as the amount of expected credit losses (or reversals) that is required to arrive at the cumulative loss allowance.

(b) Financial assets at amortised cost

For other receivables carried at amortised cost and with maturities of less than 12 months, ECL is recognised using the simplified approach for ECL under MFRS 9 for trade receivables with no financing component. Under this approach, the Fund does not track changes in credit risk of the receivables and recognises a loss allowance based on their lifetime ECL at the reporting date. The amount of expected credit losses (or reversals) required to arrive at the loss allowance is recognised as an impairment loss or gain in profit or loss. The cumulative loss allowance recognised is set off against the gross carrying amount of the receivables at the reporting date.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.3 Classification of Realised and Unrealised Gain and Losses

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

Realised gains and losses on disposals of financial instruments classified as part of "at fair value through profit or loss" are calculated using weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payment or receipts made of Shariah-compliant derivative contracts (excluding payments or receipts on collateral margin accounts for such investments).

3.4 Financial Liabilities

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 instruments. All financial liabilities are recognised initially at fair value, minus directly attributable transaction costs in the case of financial liabilities not at FVTPL.

Financial liabilities are classified at initial recognition according to the substance of the contractual arrangements entered into and the definition of a financial liability.

The Fund's financial liabilities which include amounts due to Manager, Trustee, brokers, other payables and accruals are classified as subsequently measured at amortised cost using the effective profit method. The Fund does not have financial liabilities classified as at FVTPL.

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

3.5 Fair Value Measurement

For financial assets at FVTOCI and FVTPL that require fair value measurement, the Fund establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active markets and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or, in the absence of a principal market, the most advantageous market for the asset; and for which the Fund can enter into a transaction for the asset at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from the marketplace that are observable for substantially the full term of the asset.

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

3.6 Foreign Currencies

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 also the Fund's functional currency.

In preparing the financial statements, transactions in currencies other than the Fund's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the end of the reporting period. Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising from the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in equity. Exchange differences arising from such non-monetary items are recognised directly to equity.

3.7 Unitholders' Capital

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments under MFRS 132.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.7 Unitholders' Capital (Cont'd.)

Distribution equalisation represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

3.8 Income Distribution

Income distributions are at the discretion of the Manager. Income distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as deduction from unitholders' capital.

3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and Shariah-based deposits with licensed financial institutions which have insignificant risk of changes in value.

3.10 Income Recognition

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

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

Profit income, which includes the accretion of discount and amortisation of premium on sukuk, is recognised using effective profit method.

3.11 Income Tax

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

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

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

3.12 Segment Reporting

For management purposes, the Fund is managed under 2 main portfolios, namely (1) equity securities; and (2) fixed income instruments. Each segment engages in separate business activities and the operating results are regularly reviewed by the Manager, External Investment Manager and the Fund's Investment Committee. The External Investment Manager and the Fund Investment Committee jointly assumes the role of chief operation decision maker, for performance assessment purposes and to make decision about resources allocated to each investment segment.

3.13 Significant Accounting Estimates and Judgements

The preparation of financial statements in accordance with MFRS and IFRS requires the use of certain accounting estimates and exercise of judgements. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

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

4. MANAGER'S FEE

The Manager is entitled to an annual management fee of 1.50% (2022 : 1.50%) per annum of the NAV of the Fund (before deducting the Manager's and Trustee's fees for the day) calculated and accrued on a daily basis.

5. TRUSTEE'S FEE

The Trustee is entitled to a fee of 0.055% (2022 : 0.055%) per annum of the NAV of the Fund (before deducting the Manager's and Trustee's fees for the day) calculated and accrued on a daily basis, subject to a minimum of RM15,000 (2022 : RM15,000) per annum.

6. TAXATION

	2023	2022
	RM	RM
Malaysian income tax :		
- Current financial year	47,000	17,000
- Income tax over provided in prior financial year	(12,821)	-
Foreign income tax	<u>70,792</u>	<u>120,112</u>
	<u>104,971</u>	<u>137,112</u>

Income tax is calculated at Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable net income for the financial year.

With effect from 1 January 2022, income derived from sources outside Malaysia and received by the Fund in Malaysia will be subject to the Malaysian income tax pursuant to the Income Tax Act 1967.

The tax charge for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. A reconciliation of tax expense applicable to the net income/(loss) before taxation at the statutory tax rate to tax expense at the effective tax rate of the Fund is as follows :

	2023	2022
	RM	RM
Net income/(loss) before taxation	<u>292,309</u>	<u>(15,083,824)</u>
Taxation at the Malaysian statutory rate of 24% (2022: 24%)	70,154	(3,620,118)
Tax effects in respect of :		
Income not subject to tax	(3,290,470)	(2,291,031)
Loss disregarded for tax purposes	2,223,829	5,017,998
Expenses not deductible for tax purposes	108,490	109,725
Restriction on tax deductible expenses for unit trust funds	934,997	917,410
Foreign income tax	70,792	120,112
Tax savings on different tax rate	-	(116,984)
Income tax over provided in prior financial year	<u>(12,821)</u>	<u>-</u>
Tax expense	<u>104,971</u>	<u>137,112</u>

7. SHARIAH-COMPLIANT INVESTMENTS

	2023	2022
	RM	RM
Financial assets at fair value through profit or loss ("FVTPL")		
Quoted Shariah-compliant equities :		
- in Malaysia	100,448,068	110,863,602
- outside Malaysia	<u>51,764,682</u>	<u>41,125,391</u>
	152,212,750	151,988,993
Unquoted convertible loan stock outside Malaysia	<u>6,029,199</u>	<u>5,690,132</u>
	<u>158,241,949</u>	<u>157,679,125</u>
Financial assets at fair value through other comprehensive income ("FVTOCI") (Note 8)		
- Unquoted fixed income securities in Malaysia	<u>76,287,674</u>	<u>73,586,315</u>
Total Shariah-compliant investments	<u>234,529,623</u>	<u>231,265,440</u>

(a) Net loss on financial assets at FVTPL for the financial year comprised the following :

	2023	2022
	RM	RM
Realised gain on disposals	6,127,822	1,870,793
Unrealised loss on changes in fair value	<u>(7,973,788)</u>	<u>(20,377,514)</u>
As presented on the statement of comprehensive income	<u>(1,845,966)</u>	<u>(18,506,721)</u>

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

(b) The currency exposure profile of financial assets at FVTPL is as follows :

	2023 RM	2022 RM
Ringgit Malaysia	100,448,068	110,863,602
Australian Dollar	12,454,932	6,158,680
Hong Kong Dollar	19,380,782	19,089,634
Indonesian Rupiah	11,345,988	9,776,260
Philippine Peso	4,453,299	6,100,817
Singapore Dollar	8,599,143	5,690,132
Thai Baht	1,559,737	-
	<u>158,241,949</u>	<u>157,679,125</u>

(c) Financial assets at FVTPL as at financial year end

2023	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
QUOTED EQUITIES IN MALAYSIA				
Main Market / ACE Market				
Construction				
Advancecon Holdings Berhad*	5,622,800	2,235,428	1,602,498	0.55%
Ame Elite Consortium Berhad	1,840,000	2,364,800	3,072,800	1.05%
Econpile Holdings Berhad	3,463,900	1,783,909	1,056,490	0.36%
Gadang Holdings Berhad	576,000	452,186	192,960	0.07%
Gabungan AQRS Berhad	5,275,200	4,282,468	1,740,817	0.60%
IJM Corporation Berhad	283,000	527,739	532,040	0.18%
Kimlun Corporation Berhad	2,404,075	2,486,696	1,875,179	0.64%
Kerjaya Prospek Group Berhad	1,489,200	1,685,019	2,308,260	0.79%
Muhibbah Engineering (M) Berhad	5,511,850	4,924,523	4,271,684	1.46%
TRC Synergy Berhad	<u>1,937,800</u>	<u>930,037</u>	<u>716,986</u>	<u>0.25%</u>
	<u>28,403,825</u>	<u>21,672,805</u>	<u>17,369,714</u>	<u>5.95%</u>
Consumer Product and Services				
DXN Holdings Berhad	12,561,600	8,793,120	7,976,616	2.73%
Guan Chong Berhad	2,169,200	5,621,731	3,969,636	1.36%
Able Global Berhad	2,004,300	2,467,333	3,006,450	1.03%
Kawan Food Berhad	1,293,100	2,716,869	2,327,580	0.80%
Latitude Tree Holdings Berhad	408,184	619,927	502,066	0.17%
Malayan Flour Mills Berhad	2,670,000	2,211,494	1,708,800	0.58%
Senheng New Retail Berhad	<u>6,281,300</u>	<u>5,808,727</u>	<u>2,072,829</u>	<u>0.71%</u>
	<u>27,387,684</u>	<u>28,239,201</u>	<u>21,563,977</u>	<u>7.38%</u>
Energy				
Deleum Berhad (Note i)	1,122,000	1,119,647	1,071,510	0.37%
Hibiscus Petroleum Berhad	<u>1,057,146</u>	<u>684,377</u>	<u>2,685,151</u>	<u>0.92%</u>
	<u>2,179,146</u>	<u>1,804,024</u>	<u>3,756,661</u>	<u>1.29%</u>
Healthcare				
Supercomnet Technologies Berhad	<u>2,010,900</u>	<u>3,245,789</u>	<u>2,453,298</u>	<u>0.84%</u>

* This security has been classified as Shariah non-compliant effective from 24 November 2023

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2023 (Cont'd.)				Fair value as a percentage of NAV
Name of Counter	Quantity held	Cost RM	Fair value RM	
Industrial Products				
Cahaya Mata Sarawak Bhd	4,116,200	6,682,696	4,445,496	1.52%
Evergreen Fibreboard Berhad	10,177,600	4,244,310	3,104,168	1.06%
Globaltec Formation Berhad	3,000,000	1,560,000	1,800,000	0.62%
HIL Industries Berhad	4,050,300	4,050,300	3,847,785	1.32%
L&P Global Berhad	56,000	16,800	24,080	0.01%
Lotte Chemical Titan Holding Bhd	800,000	1,494,706	1,080,000	0.37%
PIE Industrial Bhd	403,800	1,388,545	1,312,350	0.45%
PESTECH International Bhd	3,553,950	2,262,485	1,155,034	0.40%
PESTECH International Bhd - Warrants	288,812	-	38,990	0.01%
Rohas Tecnic Bhd	775,000	489,793	205,375	0.07%
Senq Fonq Holdings Berhad	893,600	670,200	674,668	0.23%
SKP Resources Berhad	3,465,900	4,478,556	2,738,061	0.94%
Superion Holdings Berhad	192,600	419,209	166,599	0.06%
	<u>31,773,762</u>	<u>27,757,610</u>	<u>20,592,606</u>	<u>7.06%</u>
Plantation				
Sarawak Oil Palms Berhad	147,000	565,287	380,730	0.13%
TSH Resources Berhad	1,190,400	1,399,386	1,160,640	0.40%
	<u>1,337,400</u>	<u>1,964,673</u>	<u>1,541,370</u>	<u>0.53%</u>
Properties				
Eastern & Oriental Bhd	1,572,750	512,999	904,331	0.31%
Hua Yang Berhad	2,479,400	657,294	694,232	0.24%
KSL Holdings Berhad	1,237,013	979,196	1,373,084	0.47%
Matrix Concepts Holdings Berhad	1,013,373	1,418,956	1,672,065	0.57%
MKH Berhad	248,950	633,944	355,999	0.12%
Skyworld Development Berhad	5,176,500	3,492,440	2,847,075	0.97%
SP Setia Bhd Group	4,293,500	3,466,860	3,434,800	1.18%
Tambun Indah Land Berhad	251,300	430,398	213,605	0.07%
	<u>16,272,786</u>	<u>11,592,087</u>	<u>11,495,191</u>	<u>3.93%</u>
Technology				
Agmo Holdings Berhad	19,898	120	10,446	0.00%
Globetronics Technology Berhad	3,149,300	6,709,487	5,101,866	1.75%
Greatech Technology Bhd	235,900	1,071,531	1,132,320	0.39%
Inari Amertron Berhad	270,000	793,053	812,700	0.28%
Kronologi Asia Berhad	20,796,600	10,992,489	8,214,657	2.81%
Kronologi Asia Berhad - Warrants	2,773,100	-	429,831	0.15%
MI Technovation Berhad	147,600	575,640	273,060	0.09%
Omesti Berhad	2,406,500	1,347,391	697,885	0.24%
Securemetric Berhad	2,924,000	731,000	423,980	0.15%
SNS Network Technology Berhad	13,400,000	3,347,635	3,149,000	1.08%
	<u>46,122,898</u>	<u>25,568,346</u>	<u>20,245,745</u>	<u>6.94%</u>
Utilities				
Mega First Corporation Berhad	387,400	1,137,594	1,429,506	0.49%
TOTAL QUOTED SHARIAH-COMPLIANT EQUITIES IN MALAYSIA				
	<u>155,875,801</u>	<u>122,982,129</u>	<u>100,448,068</u>	<u>34.37%</u>

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2023 (Cont'd.)	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
QUOTED SHARIAH-COMPLIANT EQUITIES OUTSIDE MALAYSIA				
Australia Stock Exchange ("ASX")				
EQ Resources Ltd	42,474,415	6,981,317	7,568,176	2.59%
NuEnergy Gas Limited	46,860,501	5,208,750	4,834,036	1.65%
Tungsten Mining NL (<i>Note ii</i>)	237,536	244,710	52,720	0.02%
	<u>89,572,452</u>	<u>12,434,777</u>	<u>12,454,932</u>	<u>4.26%</u>
Hong Kong Stock Exchange ("HKSE")				
Alibaba Group Holding Ltd	23,400	2,950,796	1,040,372	0.36%
Modern Dental Group	1,180,000	2,816,573	2,984,019	1.02%
Essex Bio-Technology Ltd	2,985,000	7,576,954	4,371,141	1.50%
Geely Automobiles Holdings Limited	400,000	2,765,770	2,020,712	0.69%
Natural Food International Holdings Ltd (<i>Note iv</i>)	409,000	180,062	109,442	0.04%
Tongda Group Holdings	43,200,000	3,767,378	2,616,810	0.90%
Sunny Optical Technology Ltd	47,300	2,758,672	1,970,844	0.67%
Tencent Holdings Ltd	8,900	2,639,726	1,536,729	0.53%
Xinyi Solar Holdings Ltd	306,000	2,269,891	820,611	0.28%
Xiaomi Corporation	208,200	1,490,332	1,910,102	0.65%
	<u>48,767,800</u>	<u>29,216,154</u>	<u>19,380,782</u>	<u>6.64%</u>
Jakarta Stock Exchange ("JSX")				
PT Erajaya Swasembada Tbk	17,624,800	2,855,044	2,240,436	0.77%
PT Semen Indonesia (Persero) Tbk	1,500,000	2,857,894	2,864,640	0.98%
PT Bank Svariah Indonesia Tbk	1,957,800	703,184	1,016,521	0.35%
PT Sarimelati Kencana Tbk	8,846,400	2,061,005	976,713	0.33%
PT Wirir Asia Tbk	119,700,700	5,343,047	3,857,618	1.32%
PT Ramayana Lestari Sentosa Tbk (<i>Note v</i>)	2,538,200	954,955	390,060	0.13%
	<u>152,167,900</u>	<u>14,775,129</u>	<u>11,345,988</u>	<u>3.88%</u>
Philippine Stock Exchange ("PSE")				
Converge Information and Technology Solutions, Inc	1,800,000	2,912,435	1,251,972	0.43%
Global Ferronickel Holdings Inc	18,723,400	4,437,846	3,201,327	1.10%
	<u>20,523,400</u>	<u>7,350,281</u>	<u>4,453,299</u>	<u>1.53%</u>
Thailand Stock Exchange ("SET")				
TBN Corporation Public Company Ltd	825,600	1,655,698	1,559,737	0.53%
Singapore Stock Exchange ("SGX")				
Fortress Minerals Ltd	2,422,600	3,133,599	2,569,944	0.88%
TOTAL QUOTED SHARIAH-COMPLIANT EQUITIES OUTSIDE MALAYSIA				
	<u>314,279,752</u>	<u>68,565,638</u>	<u>51,764,682</u>	<u>17.71%</u>
UNQUOTED CONVERTIBLE LOAN STOCK OUTSIDE MALAYSIA				
Singapore Institute of Advanced Medicine Holdings Pte. Ltd. (<i>Note vi</i>)	1,733,475	5,596,886	6,029,199	2.06%
TOTAL FINANCIAL ASSETS AT FVTPL				
	<u>471,889,028</u>	<u>197,144,653</u>	<u>158,241,949</u>	<u>54.14%</u>
SHORTFALL OF FAIR VALUE OVER COST			<u>(38,902,704)</u>	

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2022	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
QUOTED EQUITIES IN MALAYSIA				
Main Market / ACE Market				
Construction				
Advancecon Holdings Berhad	5,622,800	2,241,589	1,405,700	0.51%
Econpile Holdings Berhad	3,463,900	1,787,690	588,863	0.21%
Econpile Holdings Berhad - Warrants	11,000	-	55	0.00%
Gadang Holdings Berhad	576,000	453,408	184,320	0.07%
Gabungan AQRs Berhad	5,275,200	4,293,782	1,371,552	0.50%
IJM Corporation Berhad	283,000	529,375	452,800	0.17%
Kimlun Corporation Berhad	2,404,075	2,437,605	1,851,138	0.67%
Kerjaya Prospek Group Berhad	3,999,200	4,548,471	4,679,064	1.71%
Muhibbah Engineering (M) Berhad	7,266,300	6,434,723	3,633,150	1.32%
TRC Synergy Berhad	1,937,800	932,288	581,340	0.21%
	<u>30,839,275</u>	<u>23,658,931</u>	<u>14,747,982</u>	<u>5.37%</u>
Consumer Product and Services				
Able Global Berhad	2,004,300	2,575,992	2,705,805	0.99%
Bahvest Resources Bhd	1,841,500	1,223,491	561,658	0.20%
Bermaz Auto Bhd	915,200	1,577,483	1,949,376	0.71%
Bonia Corporation Berhad	516,904	478,634	1,173,372	0.43%
CRG Incorporated Behad	914,000	-	201,080	0.07%
Kawan Food Berhad	1,293,100	2,724,715	2,870,682	1.05%
Latitude Tree Holdings Berhad	458,184	836,638	623,130	0.23%
Malayan Flour Mills Berhad	2,670,000	2,211,494	2,029,200	0.74%
MBM Resources Berhad	94,300	198,759	309,304	0.11%
Senheng New Retail Berhad	6,281,300	5,808,727	3,800,187	1.39%
UMW Holdings Berhad	408,700	1,062,150	1,418,189	0.52%
	<u>17,397,488</u>	<u>18,698,083</u>	<u>17,641,983</u>	<u>6.44%</u>
Energy				
Hibiscus Petroleum Berhad	10,597,866	6,991,520	11,339,717	4.13%
Deleum Berhad (Note i)	1,122,000	1,091,702	1,009,800	0.37%
Wah Seong Corporation Berhad	3,599,471	2,650,396	2,231,672	0.81%
	<u>15,319,337</u>	<u>10,733,618</u>	<u>14,581,189</u>	<u>5.31%</u>
Healthcare				
Supercomnet Technologies Berhad	2,010,900	3,245,789	3,157,113	1.15%
Industrial Products				
AWC Berhad	1,970,000	1,176,270	906,200	0.33%
Cahaya Mata Sarawak Bhd	4,116,200	6,699,998	4,404,334	1.61%
CB Industrial Product Holding	303,300	392,126	333,630	0.12%
Evergreen Fibreboard Berhad	10,177,600	4,255,650	3,969,264	1.45%
Fitters Diversified Bhd	2,118,333	893,338	180,058	0.07%
HIL Industries Berhad	4,050,300	4,050,300	4,333,821	1.58%
Kobay Technology Berhad	125,700	50,454	341,904	0.12%
L&P Global Berhad	448,000	134,400	134,400	0.05%
Lafarge Malayan Cement Berhad	608,000	1,774,160	1,288,960	0.47%
Lotte Chemical Titan Holding Bhd	800,000	1,528,286	1,136,000	0.41%
PESTECH International Bhd	7,568,125	4,445,240	2,346,119	0.86%
PESTECH International Bhd - Warrants	288,812	-	38,990	0.01%
PIE Industrial Bhd	807,700	2,785,340	2,100,020	0.77%
Rohas Tecnic Bhd	775,000	491,108	209,250	0.08%
Seng Fonq Holdings Berhad	1,729,700	1,297,275	1,210,790	0.44%

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2022 (Cont'd.)				Fair value as a percentage of NAV
Name of Counter	Quantity held	Cost RM	Fair value RM	
QUOTED EQUITIES IN MALAYSIA				
Main Market / ACE Market (Cont'd.)				
Industrial Products (Cont'd.)				
SLP Resources Berhad	45,300	45,416	44,847	0.02%
SKP Resources Berhad	1,765,900	2,680,886	2,843,099	1.04%
Superlon Holdings Berhad	192,600	420,764	119,412	0.04%
United U-Li Corporation Berhad	1,743,800	1,231,233	2,092,560	0.76%
	<u>39,634,370</u>	<u>34,352,244</u>	<u>28,033,658</u>	<u>10.23%</u>
Plantation				
Kuala Lumpur Kepong Berhad	121,000	2,630,350	2,705,560	0.99%
Sarawak Oil Palms Bhd	147,000	465,465	382,200	0.14%
Ta Ann Holdings Berhad	86,600	320,199	327,348	0.12%
TSH Resources Berhad	1,190,400	1,403,228	1,273,728	0.46%
United Plantation Berhad	35,400	510,644	541,620	0.20%
	<u>1,580,400</u>	<u>5,329,886</u>	<u>5,230,456</u>	<u>1.91%</u>
Properties				
Eastern & Oriental Bhd	457,000	396,825	187,370	0.07%
KSL Holdings Berhad	2,093,863	1,662,054	1,622,744	0.59%
Matrix Concepts Holdings Berhad	263,373	235,839	387,158	0.14%
MKH Berhad	248,950	636,135	296,251	0.11%
SP Setia Bhd Group	377,600	322,688	226,560	0.08%
Tambun Indah Land Berhad	251,300	431,947	192,245	0.07%
	<u>3,692,086</u>	<u>3,685,488</u>	<u>2,912,328</u>	<u>1.06%</u>
Technology				
Globetronics Technology berhad	3,149,300	6,729,069	3,653,188	1.33%
Greatech Technology Bhd	235,900	1,535,212	1,141,756	0.42%
JHM Consolidated Berhad	3,364,000	2,455,720	2,489,360	0.91%
Kronologi Asia Berhad	9,359,800	5,661,835	4,492,704	1.64%
MI Technovation Berhad	147,600	578,690	191,880	0.07%
MYEG Services Berhad	2,118,484	1,592,615	1,843,081	0.67%
Omesti Berhad - Redeemable Preference Shares	481,300	481,310	413,918	0.15%
Omesti Berhad - Redeemable Preference	2,406,500	1,350,830	998,698	0.36%
Omesti Berhad - Warrants	1,123,033	-	106,688	0.04%
Securemetric Berhad	2,924,000	733,163	292,400	0.11%
Securemetric Berhad - Warrants	1,462,000	-	7,310	0.00%
SNS Network Technology Berhad	20,000,000	4,996,470	5,100,000	1.86%
	<u>46,771,917</u>	<u>26,114,914</u>	<u>20,730,983</u>	<u>7.56%</u>
Real Estate Investment Trust				
Ame Real Estate Investment Trust	909,410	985,400	1,064,010	0.39%
Utilities				
Mega First Corporation Berhad	832,500	2,237,390	2,763,900	1.01%
TOTAL QUOTED SHARIAH-COMPLIANT EQUITIES IN MALAYSIA				
	<u>158,987,683</u>	<u>129,041,743</u>	<u>110,863,602</u>	<u>40.43%</u>

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2022 (Cont'd.)	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
QUOTED SHARIAH-COMPLIANT EQUITIES OUTSIDE MALAYSIA				
Australia Stock Exchange ("ASX")				
EQ Resources Limited	42,428,620	6,885,460	6,091,188	2.22%
Tungsten Mining NL (<i>Note ii</i>)	237,536	244,710	67,492	0.02%
	<u>42,666,156</u>	<u>7,130,170</u>	<u>6,158,680</u>	<u>2.24%</u>
Hong Kong Stock Exchange ("HKSE")				
Alibaba Group Holding Ltd	23,400	2,961,350	1,140,109	0.42%
China Grand Pharmaceutical and Healthcare Holdings Ltd	662,500	1,558,101	1,721,533	0.63%
Essex Bio-Technology Ltd	2,985,000	7,598,345	7,082,151	2.58%
Duiba Group Ltd (<i>Note iii</i>)	1,300,000	1,896,713	528,746	0.19%
Geely Automobiles Holdings Limited	400,000	2,765,770	2,575,944	0.94%
Natural Food International Holdings Ltd (<i>Note iv</i>)	409,000	180,704	109,746	0.04%
Sunny Optical Technology Ltd	47,300	2,758,672	2,480,931	0.90%
Tencent Holdings Ltd	8,900	2,649,168	1,679,222	0.61%
Wanka Online Inc	1,385,000	1,301,779	277,747	0.10%
Xinyi Solar Holdings Ltd	306,000	2,278,010	1,493,505	0.54%
	<u>7,527,100</u>	<u>25,948,612</u>	<u>19,089,634</u>	<u>6.95%</u>
Jakarta Stock Exchange ("JSX")				
PT Erajaya Swasembada Tbk	17,624,800	2,855,044	1,956,607	0.71%
PT Bank Svariah Indonesia Tbk	16,579,800	5,954,976	6,057,065	2.21%
PT Sarimelati Kencana Tbk	8,846,400	2,064,962	1,352,862	0.49%
PT Ramayana Lestari Sentosa Tbk (<i>Note v</i>)	2,538,200	959,042	409,726	0.15%
	<u>45,589,200</u>	<u>11,834,024</u>	<u>9,776,260</u>	<u>3.56%</u>
Philippine Stock Exchange ("PSE")				
Converge Information and Technology Solutions, Inc	1,800,000	2,912,435	2,263,853	0.83%
Global Ferronickel Holdings Inc	19,301,400	4,588,547	3,836,964	1.40%
	<u>21,101,400</u>	<u>7,500,982</u>	<u>6,100,817</u>	<u>2.23%</u>
TOTAL QUOTED SHARIAH-COMPLIANT EQUITIES OUTSIDE MALAYSIA	<u>116,883,856</u>	<u>52,413,788</u>	<u>41,125,391</u>	<u>14.98%</u>
UNQUOTED CONVERTIBLE LOAN STOCK OUTSIDE MALAYSIA				
Singapore Institute of Advanced Medicine Holdings Pte. Ltd. (<i>Note vi</i>)	1,733,475	5,596,886	5,690,132	2.07%
TOTAL FINANCIAL ASSETS AT FVTPL	<u>277,605,014</u>	<u>187,052,417</u>	<u>157,679,125</u>	<u>57.48%</u>
SHORTFALL OF FAIR VALUE OVER COST			<u>(29,373,292)</u>	

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

(i) Deleum Berhad

These securities have been classified as Shariah non-compliant effective from 21 December 2021. The stock has been reclassified as Shariah-compliant based on the list of Shariah-compliant securities by Shariah Advisory Council of the Securities Commission Malaysia dated 22 November 2022.

(ii) Tungsten Mining NL

These securities have been classified as Shariah non-compliant effective from 20 May 2021.

(iii) Duiba Group Ltd

These securities have been classified as Shariah non-compliant effective from 24 August 2021.

(iv) Natural Food International Holdings Ltd

These securities have been classified as Shariah non-compliant effective from 22 March 2021.

(v) PT Ramayana Lestari Sentosa Tbk

These securities have been classified as Shariah non-compliant effective from 24 August 2021.

(vi) Singapore Institute of Advanced Medicine Holdings Pte. Ltd.

The investment in unquoted convertible loan stock made by the Fund with Singapore Institute of Advanced Medicine Holdings Pte. Ltd. ("SIAMH") is convertible into ordinary shares upon the issuance new ordinary shares pursuant to SIAMH's proposed initial public offering and listing on the Catalist Board of Singapore Stock Exchange Securities Trading Limited ("the Proposed Listing"). The Proposed Listing exercise has yet to be completed as at the date of approval of these financial statements.

8. FINANCIAL ASSETS AT FVTOCI

	2023 RM	2022 RM
Unquoted Sukuk (Note 7)	<u>76,287,674</u>	<u>73,586,315</u>
Amortisation of premiums, net of accretion of discounts on financial assets at FVTOCI	<u>(834,461)</u>	<u>(534,208)</u>
Unrealised gain/(loss) on changes in fair value of financial assets at FVTOCI	245,921	(600,782)
Reclassification adjustment to profit or loss on derecognition of financial assets at FVTOCI	<u>427,846</u>	<u>(9,384)</u>
Total other comprehensive income/(loss) for the financial year	<u>673,767</u>	<u>(610,166)</u>

Financial assets at FVTOCI as at financial year end

2023	Nominal Amount RM	Cost * RM	Fair value RM	Fair value as a percentage of NAV
UNQUOTED SUKUK				
DRB-HICOM IMTN 4.550% 12.12.2024 "A+ IS"	4,000,000	4,017,482	4,014,520	1.37%
MAYBANK IMTN 4.630% 31.01.2029 "AA1"	5,000,000	5,133,853	5,003,650	1.71%
MAYBANK IMTN 4.080% PERPETUAL "AA3"	3,500,000	3,592,223	3,501,610	1.20%
PRESS METAL IMTN 4.100% 17.10.2024 "AA2"	10,000,000	10,010,694	10,021,300	3.43%
STSSB IMTN Series 4 3.550% 10.09.2024 "AA- IS (CG)"	5,000,000	4,998,596	4,983,050	1.71%
MBSBBANK IMTN 5.250% 19.12.2031 "A3"	3,600,000	3,663,376	3,662,460	1.25%
PKNS IMTN 4.220% 21.02.2025 "AA3"	5,000,000	4,986,145	5,001,800	1.71%
TM TECHNOLOGY SERVICES IMTN 4.88% 28.11.2025 "AAA"	1,300,000	1,321,636	1,328,314	0.45%

8. FINANCIAL ASSETS AT FVTOCI (CONT'D.)

2023 (Cont'd.)				Fair value as a percentage of NAV
Name of Counter	Nominal Amount RM	Cost * RM	Fair value RM	
UNQUOTED SUKUK				
DIGI IMTN 4.660% 02.12.2025 - T 6 "AAA"	5,000,000	5,068,559	5,086,050	1.74%
FPSB IMTN 5.050% 05.09.2025 "AA IS"	10,000,000	10,126,226	10,155,200	3.48%
PLUS BERHAD IMTN 4.640% 10.01.2025 -Sukuk PLUS T3 "AAA IS (S)"	3,200,000	3,224,263	3,228,320	1.10%
SDPLANTATION IMTN 5.650% 24.03.2116 "AA IS"	10,000,000	10,399,924	10,336,600	3.54%
ISLAM IMTN (SUB) 3.75% 26.03.2030 - T 2 "A1"	10,000,000	9,930,303	9,964,800	3.41%
	<u>75,600,000</u>	<u>76,473,280</u>	<u>76,287,674</u>	<u>26.10%</u>
SHORTFALL OF FAIR VALUE OVER COST			(185,606)	
2022				
Name of Counter	Nominal Amount RM	Cost * RM	Fair value RM	Fair value as a percentage of NAV
UNQUOTED SUKUK				
DRB-HICOM IMTN 4.550% 12.12.2024 "A+ IS"	4,000,000	4,035,718	3,998,000	1.46%
MAYBANK IMTN 4.630% 31.01.2029 "AAA"	5,000,000	5,159,990	5,030,900	1.83%
MAYBANK IMTN 4.080% 22.02.2117 "AAA"	3,500,000	3,593,207	3,487,575	1.27%
TG EXCELLENCE SUKUK WAKALAH (TRANCHE 1) 27.02.2120 "AA- IS (CG)"	350,000	352,100	342,675	0.12%
EWIB IMTN 6.400% 24.05.2023 (Unrated)	1,650,000	1,657,139	1,687,290	0.62%
EWIB IMTN 6.650% 27.04.2023 (Unrated)	2,050,000	2,058,752	2,104,325	0.77%
WCT IMTN 5.170% 23.10.2023 "AA- IS (MARC)"	10,000,000	10,083,649	10,011,400	3.65%
UEMS IMTN 5.000% 19.05.2023 "AA- IS"	10,000,000	10,047,011	10,017,600	3.65%
PRESS METAL IMTN 4.100% 17.10.2024 "AA2"	5,000,000	5,013,153	4,994,950	1.82%
YTL POWER MTN 3651D 11.10.2024 "AA1"	10,000,000	10,271,075	10,054,800	3.67%
PRESS METAL IMTN 4.100% 17.10.2024 "AA2"	5,000,000	5,010,837	4,994,950	1.82%
AFFIN ISLAMIC PERPETUAL AT1 SUKUK WAKALAH (T1) 18.10.2117 "A3"	5,000,000	5,168,639	5,041,800	1.84%
STSSB IMTN Series 4 3.550% 10.09.2024 "AA- IS (CG)"	5,000,000	4,996,598	4,909,400	1.79%
AFFIN ISLAMIC PERPETUAL AT1 SUKUK WAKALAH (T1) 18.10.2117 "A3"	3,250,000	3,326,541	3,277,170	1.19%
MBSBBANK IMTN 5.250% 19.12.2031 "A3"	3,600,000	3,671,279	3,633,480	1.32%
	<u>73,400,000</u>	<u>74,445,688</u>	<u>73,586,315</u>	<u>26.82%</u>
SHORTFALL OF FAIR VALUE OVER COST			(859,373)	

* Cost of Sukuk includes accretion of discount and/or amortisation of premium.

9. SHARIAH-BASED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	2023 RM	2022 RM
Short-term deposits	<u>45,041,777</u>	<u>41,496,318</u>

The weighted average effective profit rate of the Fund's short-term deposits as at 31 December 2023 was 3.51% (2022 : 2.68%) per annum and had an original maturity period ranging from 7 to 368 days (2022 : 7 to 14 days).

10. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investments portfolio of the Fund is Shariah-compliant, which comprises:

- (i) Equity securities listed on Bursa Malaysia which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission Malaysia;
- (ii) Sukuk as per the list of sukuk available at Bond Info Hub and Fully Automated System For Issuing/Tendering of Bank Negara Malaysia; and
- (iii) Liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

11. AMOUNT DUE TO MANAGER

	2023 RM	2022 RM
Amount due from/(to) Manager arising from creation of units	182,585	(410,421)
Amount due to Manager for management fee payable	<u>(372,070)</u>	<u>(350,169)</u>
	<u>(189,485)</u>	<u>(760,590)</u>

12. INCOME DISTRIBUTION

Distribution to unitholders are from the following sources:

	2023 RM	2022 RM
Dividend from local quoted Shariah-compliant securities	2,664,400	1,183,761
Profit from corporate Sukuk	2,626,223	1,160,086
Profit from Shariah-based deposits with licensed financial institutions	836,031	426,154
Net realised gain from sale of Shariah-compliant investments	<u>7,706,040</u>	<u>3,551,283</u>
	13,832,694	6,321,284
Less:		
Expenses	<u>(3,261,131)</u>	1,749,599
Current financial year's realised income	10,571,563	4,571,685
Distribution out of previous financial year's realised reserves	<u>6,027,338</u>	<u>12,000,969</u>
Distribution for the financial year	<u>16,598,901</u>	<u>16,572,654</u>
Units in circulation at book closing date	276,648,347	236,752,205
Gross distribution per unit (sen)	6.00	7.00
Net distribution per unit (sen)	6.00	7.00
Date of distribution	<u>28.04.2023</u>	<u>22.04.2022</u>

13. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (TOTAL EQUITY)

	Note	2023 RM	2022 RM
Unitholders' capital	(a)	324,068,238	290,412,251
(Accumulated losses)/Retained earnings			
- Realised earnings	(b)	5,705,864	14,143,639
- Unrealised loss	(c)	<u>(37,361,387)</u>	<u>(29,387,599)</u>
		(31,655,523)	(15,243,960)
FVTOCI reserve		<u>(185,606)</u>	<u>(859,373)</u>
Total equity / Net asset value		<u>292,227,109</u>	<u>274,308,918</u>

13. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (TOTAL EQUITY) (CONT'D.)

(a) Unitholders' Capital

	2023		2022	
	Number of units	RM	Number of units	RM
Balance at beginning of the financial year	262,785,774	290,412,251	224,963,825	247,895,189
Add: Creation of units	52,044,877	53,319,507	47,101,190	39,797,775
Less: Cancellation of units	(18,434,711)	(19,455,349)	(9,279,241)	(6,039,493)
Distribution equalisation	-	(208,171)	-	8,758,780
Balance at end of the financial year	<u>296,395,940</u>	<u>324,068,238</u>	<u>262,785,774</u>	<u>290,412,251</u>

(b) Realised - Distributable

	2023 RM	2022 RM
Balance at beginning of the financial year	14,143,639	25,559,715
Net income/(loss) after taxation	187,338	(15,220,936)
Net unrealised loss attributable to Shariah-compliant investments held transferred to unrealised reserve	7,973,788	20,377,514
Distribution out of realised reserve	<u>(16,598,901)</u>	<u>(16,572,654)</u>
Balance at end of the financial year	<u>5,705,864</u>	<u>14,143,639</u>

(c) Unrealised - Non-distributable

Balance at beginning of the financial year	(29,387,599)	(9,010,085)
Net unrealised loss attributable to Shariah-compliant investments held transferred from realised reserve	<u>(7,973,788)</u>	<u>(20,377,514)</u>
Balance at end of the financial year	<u>(37,361,387)</u>	<u>(29,387,599)</u>

14. NET ASSET VALUE PER UNIT

Net asset value attributable to unitholders is classified as equity in the statement of financial position.

For the purpose of calculation of net asset value attributable to unitholders per unit, quoted financial assets in the financial statements are stated at the last done market price consistent with that used for issuance and redemption of units in accordance with the Deeds.

15. UNITS HELD BY RELATED PARTIES

	2023		2022	
	Number of units	Valued at NAV RM	Number of units	Valued at NAV RM
Directors of the Manager #	1,165,018	1,134,378	812,078	835,853
Person connected to a Director of the Manager #	84,647	82,421	62,091	63,909
	<u>1,249,665</u>	<u>1,216,799</u>	<u>874,169</u>	<u>899,762</u>

The Directors and person connected to the Director of the Manager are legal and beneficial owner of the units.

16. TRANSACTIONS WITH BROKERS

Details of transactions with stockbroking companies are as follows :

2023	Value of trade RM	Percentage of total trade	Brokerage fees RM	Percentage of total brokerage fees
Phillip Capital	25,561,984	20.13%	53,310	16.58%
CLSA Securities Malaysia Sdn Bhd	10,223,828	8.05%	91,508	28.46%
CIMB-GK Securities Indonesia	9,983,588	7.86%	29,951	9.31%
Kenanga Investment Bank Berhad	8,727,437	6.87%	13,193	4.10%
Maybank Investment Bank Berhad	8,341,181	6.57%	16,713	5.20%
UOB Kay Hian Securities (M) Sdn Bhd	7,500,335	5.91%	12,888	4.01%
CCB International Securities Limited	7,232,922	5.69%	18,082	5.62%
CIMB Investment Bank Berhad	5,621,338	4.43%	8,432	2.62%
BRI Danareksa Sekuritas	5,461,823	4.30%	9,831	3.06%
Affin Hwang Capital Investment Bank	5,340,226	4.20%	10,680	3.32%
Others	33,012,780	25.99%	56,971	17.72%
	<u>127,007,442</u>	<u>100.00%</u>	<u>321,559</u>	<u>100.00%</u>

2022	Value of trade RM	Percentage of total trade	Brokerage fees RM	Percentage of total brokerage fees
Maybank Investment Bank Berhad	10,813,398	11.32%	21,643	10.75%
BRI Danareksa Sekuritas	9,403,096	9.84%	40,443	20.09%
CCB International Securities Limited	8,683,404	9.09%	21,709	10.78%
Affin Hwang Capital Investment Bank	8,541,774	8.94%	7,606	3.78%
CIMB Investment Bank Bhd	7,510,781	7.86%	31,889	15.84%
Kenanga Investment Bank Berhad	6,671,502	6.98%	13,361	6.64%
Hong Leong Investment Bank	5,992,488	6.27%	7,606	3.78%
UOB Kay Hian Securities (M) Sdn Bhd	4,549,345	4.76%	9,099	4.52%
Asiasec Equities, Inc	3,965,836	4.15%	9,915	4.92%
RHB Investment Bank Berhad	2,952,518	3.09%	6,643	3.30%
Others	26,451,716	27.70%	31,424	15.60%
	<u>95,535,858</u>	<u>100.00%</u>	<u>201,338</u>	<u>100.00%</u>

17. TOTAL EXPENSE RATIO

This is the ratio of the sum of the fees (inclusive of manager, trustee, audit and other professional fees) and other administrative expenses of the Fund to the average NAV of the Fund calculated on a daily basis. The average NAV of the Fund for the financial year ended 31 December 2023 was RM287,462,617 (2022: RM269,185,512).

	2023	2022
Total expense ratio	<u>1.66%</u>	<u>1.67%</u>

18. PORTFOLIO TURNOVER RATIO

This is the ratio of the average of acquisitions and disposals of Shariah-compliant investments for the financial year to average NAV of the Fund for the financial year calculated on daily basis.

	2023	2022
Portfolio turnover (times)	<u>0.36</u>	<u>0.19</u>

19. SEGMENT INFORMATION

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

- A portfolio of Shariah-compliant equity instruments
- A portfolio of Sukuk and Shariah-based deposits with financial institutions

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

19. SEGMENT INFORMATION (CONT'D.)

	Shariah- Compliant Equity Portfolio RM	Shariah- Based Deposits and Sukuk Portfolio RM	Total RM
2023			
Gross dividend income	3,275,527	-	3,275,527
Profit from Shariah-based deposits with licensed financial institutions and Sukuk	-	4,933,553	4,933,553
Net loss on financial assets at FVTPL	(1,845,966)	-	(1,845,966)
Reclassification adjustment from other comprehensive income on derecognition of financial assets at FVTOCI upon maturity		(25,936)	(25,936)
Amortisation of premiums, net of accretion of discounts on financial assets at FVTOCI	-	(834,461)	(834,461)
Net realised loss on disposal of financial assets at FVTOCI	-	(414,160)	(414,160)
Net realised loss on foreign exchange	(17,609)	-	(17,609)
Total segment operating income for the financial year	<u>1,411,952</u>	<u>3,658,996</u>	<u>5,070,948</u>
Shariah-based deposits with licensed financial institutions	-	45,041,777	45,041,777
Financial assets at FVTPL	158,241,949	-	158,241,949
Financial assets at FVTOCI	-	76,287,674	76,287,674
Other assets	<u>203,072</u>	<u>1,010,871</u>	<u>1,213,943</u>
Total segment assets	<u>158,445,021</u>	<u>122,340,322</u>	<u>280,785,343</u>
Amount due to brokers	<u>40,180</u>	<u>-</u>	<u>40,180</u>
Total segment liabilities	<u>40,180</u>	<u>-</u>	<u>40,180</u>
2022			
Gross dividend income	3,676,347	-	3,676,347
Profit from Shariah-based deposits with licensed financial institutions and Sukuk	-	4,777,172	4,777,172
Net loss on financial assets at FVTPL	(18,506,721)	-	(18,506,721)
Amortisation of premiums, net of accretion of discounts on financial assets at FVTOCI	-	(534,208)	(534,208)
Net realised gain on foreign exchange	<u>3,396</u>	<u>-</u>	<u>3,396</u>
Total segment operating (loss)/income for the financial year	<u>(14,826,978)</u>	<u>4,242,964</u>	<u>(10,584,014)</u>
Shariah-based deposits with licensed financial institutions	-	41,496,318	41,496,318
Financial assets at FVTPL	157,679,125	-	157,679,125
Financial assets at FVTOCI	-	73,586,315	73,586,315
Other assets	<u>274,154</u>	<u>701,704</u>	<u>975,858</u>
Total segment assets	<u>157,953,279</u>	<u>115,784,337</u>	<u>273,737,616</u>
Total segment liabilities	<u>-</u>	<u>-</u>	<u>-</u>

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

	2023 RM	2022 RM
Net reportable segment operating income/(loss)	5,070,948	(10,584,014)
Expenses	<u>(4,778,639)</u>	<u>(4,499,810)</u>
Net income/(loss) before taxation	292,309	(15,083,824)
Taxation	<u>(104,971)</u>	<u>(137,112)</u>
Net income/(loss) after taxation	<u>187,338</u>	<u>(15,220,936)</u>

In addition, certain assets and liabilities are not considered to be part of the assets or liabilities of an individual segment. The following table provides a reconciliation between the total reportable segment assets and liabilities and total assets and liabilities of the Fund.

19. SEGMENT INFORMATION (CONT'D.)

	2023 RM	2022 RM
Total segment assets	280,785,343	273,737,616
Cash at bank	11,599,750	1,315,157
Tax recoverable	135,618	71,365
Total assets of the Fund	<u>292,520,711</u>	<u>275,124,138</u>
Total segment liabilities	40,180	-
Amount due to Manager	189,485	760,590
Amount due to Trustee	13,653	12,842
Other payables and accruals	50,284	41,788
Total liabilities of the Fund	<u>293,602</u>	<u>815,220</u>

20. FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial assets at FVTPL RM	Financial assets at FVTOCI RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2023					
Financial assets					
Shariah-compliant investments	158,241,949	76,287,674	-	-	234,529,623
Shariah-based deposits with licensed financial institutions	-	-	45,041,777	-	45,041,777
Other receivables	-	-	1,213,943	-	1,213,943
Cash at bank	-	-	11,599,750	-	11,599,750
Total financial assets	<u>158,241,949</u>	<u>76,287,674</u>	<u>57,855,470</u>	<u>-</u>	<u>292,385,093</u>
Financial liabilities					
Amount due to Manager	-	-	-	189,485	189,485
Amount due to Trustee	-	-	-	13,653	13,653
Amount due to brokers	-	-	-	40,180	40,180
Other payables and accruals	-	-	-	50,284	50,284
Total financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,602</u>	<u>293,602</u>
2022					
Financial assets					
Shariah-compliant investments	157,679,125	73,586,315	-	-	231,265,440
Shariah-based deposits with licensed financial institutions	-	-	41,496,318	-	41,496,318
Other receivables	-	-	975,858	-	975,858
Cash at bank	-	-	1,315,157	-	1,315,157
Total financial assets	<u>157,679,125</u>	<u>73,586,315</u>	<u>43,787,333</u>	<u>-</u>	<u>275,052,773</u>
Financial liabilities					
Amount due to Manager	-	-	-	760,590	760,590
Amount due to Trustee	-	-	-	12,842	12,842
Other payables and accruals	-	-	-	41,788	41,788
Total financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>815,220</u>	<u>815,220</u>

20. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Fair Value

(i) Financial instruments that are carried at fair value

The Fund uses the following level of fair value hierarchy for determining and disclosing the fair value of financial instruments carried at fair value in the statement of financial position :

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data

The Fund's financial assets at FVTPL and financial assets at FVTOCI are carried at fair value. The fair values of these financial assets were determined using prices in active markets for identical assets.

Quoted Shariah-compliant equity instruments

Fair value of quoted equity instruments is determined directly by reference to their published market prices on the relevant stock exchanges at the reporting date. The fair value of quoted equity instruments which have lost active trading market due to suspension in their trading, is determined by reference to their published net tangible assets.

Unquoted Sukuk

The published market prices for RM-denominated unquoted Sukuk are based on information provided by Bond Pricing Agency Malaysia Sdn Bhd.

The Fund held the following financial instruments carried at fair value on the statement of financial position as at the end of the financial year :

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Financial assets at FVTPL				
- Quoted Shariah-compliant equities	152,212,750	-	-	152,212,750
- Unquoted convertible loan stock	-	-	6,029,199	6,029,199
Financial assets at FVTOCI				
- Sukuk	-	76,287,674	-	76,287,674
	152,212,750	76,287,674	6,029,199	234,529,623
2022				
Financial assets at FVTPL				
- Quoted Shariah-compliant equities	151,988,993	-	-	151,988,993
- Unquoted convertible loan stock	-	-	5,690,132	5,690,132
Financial assets at FVTOCI				
- Sukuk	-	73,586,315	-	73,586,315
	151,988,993	73,586,315	5,690,132	231,265,440

The fair value of the Fund's investment in unquoted convertible loan stock is classified within Level 3 of the fair value hierarchy. Since the convertible loan stock is not traded in an active market and is of short-term in nature pending the completion of the proposed initial public offering and listing exercise as explained in Note 7(c), the fair value of the unquoted convertible loan stock has been estimated to be equivalent to the cost of the Fund's investment.

(ii) Financial instruments not carried at fair value

Financial instruments not carried at fair value comprise financial assets and financial liabilities subsequently measured at amortised cost. The carrying amount of these financial instruments at the end of the financial year approximated their fair values due to their short-term to maturity.

21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

The Fund maintains investment portfolios in a variety of quoted and unquoted financial instruments as dictated by its Deeds and investment management strategy.

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

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

(a) Market Risk

The Fund's principal exposure to market risk arises primarily due to changes or developments in the market environment and typically includes changes in regulations, politics and the economy of the country. Market risk is also influenced by global economics and geopolitical developments. The Fund seeks to diversify away some of this risk by investing into different sectors to mitigate risk exposure to any single asset class.

The Fund's market risk is affected primarily due to changes in market prices, profit rates and foreign currency exchange rates.

(i) Equity Price Risk

Equity price risk is the adverse changes in the fair value of Shariah-compliant equities as a result of changes in the levels of Shariah-compliant equity indices and the value of individual Shariah-compliant shares. The equity price risk exposure arises from the Fund's investments in quoted Shariah-compliant equity securities.

The table below demonstrates the sensitivity of the Fund's net income/(loss) after taxation and NAV to a reasonably possible change in Shariah-compliant equity prices, as at the end of the financial year, with all other variables held constant :

	2023		2022	
	Impact on net income after taxation		Impact on net loss after taxation	
	Higher / RM	(Lower) RM	Lower / RM	(Higher) RM
Change in equity price by +6%/-6%	9,132,765 /	(9,132,765)	9,119,340 /	(9,119,340)

	2023		2022	
	Impact on NAV		Impact on NAV	
	Increase / RM	(Decrease) RM	Increase / RM	(Decrease) RM
Change in equity price by +6%/-6%	9,132,765 /	(9,132,765)	9,119,340 /	(9,119,340)

(ii) Profit Rate Risk

This risk refers to the effect of profit rate changes on the valuation of Sukuk. In the event of rising profit rates, the return on Shariah-based deposits with financial institutions will rise while valuation of Sukuk will decrease and vice versa, thus affecting the net asset value of the Fund. This risk will be minimised via the management of the duration structure of the portfolio of Sukuk.

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

(a) Market Risk (Cont'd.)

(ii) Profit Rate Risk (Cont'd.)

Profit rate is a general economic indicator that will have an impact on the management of fund regardless of whether it is a Shariah-compliant fund or otherwise. It does not in any way suggest that this Fund will invest in conventional financial instruments. All investments carried out for this Fund are in accordance with requirement of the Shariah.

The following table demonstrates the sensitivity of the Fund's NAV to a reasonably possible change in profit rate on Sukuk as at the end of the financial year, with all other variables held constant :

	2023		2022	
	(Decrease) / RM	Impact on NAV Increase RM	(Decrease) / RM	Impact on NAV Increase RM
Change in profit rate by +25bps/-25bps *	(190,719) /	190,719	(183,966) /	183,966

* *bps = basis points*

The assumed movement in basis points for profit rate sensitivity analysis is based on the currently observable market environment.

(iii) Currency Risk

The Fund is exposed to currency risk primarily through its investment in overseas Shariah-compliant securities that are denominated in foreign currencies. The Fund's foreign currency exposure profile of its investment in Shariah-compliant securities is disclosed in Note 7(b). The currency risk is minimised by proper portfolio allocation and to avoid concentration in a single country.

The table below demonstrates the sensitivity of the Fund's net income/(loss) after taxation and NAV to +/- 10% change in foreign currency exchange rates as at the end of the financial year, with all other variables held constant :

	2023		2022	
	Higher / RM	(Lower) RM	Lower / RM	(Higher) RM
- Australian Dollar	1,245,493	(1,245,493)	615,868	(615,868)
- Hong Kong Dollar	1,938,078	(1,938,078)	1,908,963	(1,908,963)
- Indonesian Rupiah	1,134,599	(1,134,599)	977,626	(977,626)
- Philippines Peso	445,330	(445,330)	610,082	(610,082)
- Singapore Dollar	859,914	(859,914)	569,013	(569,013)
-Thai Baht	155,974	(155,974)	-	-
	5,779,388	(5,779,388)	4,681,552	(4,681,552)

(b) Credit Risk

The Fund's principal exposure to credit risk arises primarily due to changes in the financial conditions of companies issuing Sukuk, which may affect their creditworthiness. This in turn may lead to default in the payment of principal and profit. Such events can lead to loss of capital or delayed or reduced income for the Fund resulting in a reduction in the Fund's asset value and thus unit price. This risk is mitigated by vigorous credit analysis and diversification of the Sukuk portfolio of the Fund. The Fund only invested in a relatively stable Sukuk.

The Fund's investments in Shariah-based deposits with licensed financial institutions and bank balances are of high credit ratings while short-term receivables are of short maturities; hence probability of their default on contractual obligations is deemed negligible. Accordingly, no allowance is required for their expected credit losses in accordance with the accounting policies as disclosed in Note 3.2. The carrying amount of the financial assets represents the maximum credit risk exposure for the Fund.

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

(c) Liquidity Risk

This risk occurs in thinly traded or illiquid Shariah-compliant securities. Should the Fund need to sell a relatively large amount of such Shariah-compliant securities, the act itself may significantly depress the selling price. As the Fund is exposed to daily redemption of units, the risk is minimised by placing a prudent level of funds in short-term Islamic deposits and by investing in Shariah-compliant stocks whose liquidity is adjudged to be commensurate with the expected exposure level of the Fund.

The following table summarises the maturity profile of the Fund's financial liabilities and the corresponding assets available to meet commitments associated with those financial liabilities and redemption by unitholders.

	1 month - 3 months RM	4 months - 3 years RM	Above 3 years RM	Total RM
2023				
Financial assets :				
- Financial assets at FVTPL	158,241,949	-	-	158,241,949
- Financial assets at FVTOCI	-	43,818,554	32,469,120	76,287,674
- Shariah-based deposits with licensed financial institutions	45,041,777	-	-	45,041,777
- Other assets	12,813,693	-	-	12,813,693
Total undiscounted financial assets	216,097,419	43,818,554	32,469,120	292,385,093
Non-financial assets	135,618	-	-	135,618
Total assets	216,233,037	43,818,554	32,469,120	292,520,711
Financial liabilities :				
- Other liabilities	293,602	-	-	293,602
Total undiscounted financial liabilities	293,602	-	-	293,602
Non-financial liabilities	-	-	-	-
Total liabilities	293,602	-	-	293,602
Unitholders' NAV	215,939,435	43,818,554	32,469,120	292,227,109
Liquidity gap	-	-	-	-
2022				
Financial assets :				
- Financial assets at FVTPL	157,679,125	-	-	157,679,125
- Financial assets at FVTOCI	-	56,406,195	17,180,120	73,586,315
- Shariah-based deposits with licensed financial institutions	41,496,318	-	-	41,496,318
- Other assets	975,858	-	-	975,858
Total undiscounted financial assets	200,151,301	56,406,195	17,180,120	273,737,616
Non-Financial Assets	71,365	-	-	71,365
Total Assets	200,222,666	56,406,195	17,180,120	273,808,981
Financial liabilities :				
- Other liabilities	815,220	-	-	815,220
Total undiscounted financial liabilities	815,220	-	-	815,220
Non-financial liabilities	-	-	-	-
Total liabilities	815,220	-	-	815,220
Unitholders' NAV	199,407,446	56,406,195	17,180,120	274,308,918
Liquidity gap	-	-	-	-

21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(d) Stock Specific Risk**

The Fund is exposed to the individual risk of the respective companies issuing Shariah-compliant securities which includes changes to the business performance of the company, consumer tastes and demand, lawsuits and management practices. This risk is minimised through the well diversified nature of the Fund.

(e) Single Issuer Risk

The Fund's exposure to Shariah-compliant securities issued by any issuer is limited to not more than a certain percentage of its net asset value. Under such restriction, the risk exposure to the securities of any issuer is minimised.

(f) 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 upon review of the securities by the Shariah Advisory Council of the Securities Commission Malaysia ("SACSC") performed twice yearly. 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.

(g) Capital Management

The capital is represented by unitholders' subscription to the Fund. The amount of capital can change significantly on a daily basis as the Fund is subject to daily redemption and subscription at the discretion of unitholders. The Manager manages the Fund's capital with the objective of maximising unitholders' value, while maintaining sufficient liquidity to meet unitholders' redemption as explained in Note 21(c) above.

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF PHEIM INCOME FUND (“Fund”)

We have acted as Trustee of the Fund for the financial year ended 31 December 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Pheim Unit Trusts Berhad has operated and managed the Fund during the financial year covered by these financial statements in accordance with the following:

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

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

For **Maybank Trustees Berhad**
[Company No. : 196301000109 (5004-P)]

NORHAZLIANA BINTI MOHAMMED HASHIM
Head, Unit Trust and Corporate Operations

Kuala Lumpur, Malaysia

Date : 21 February 2024

STATEMENT BY MANAGER TO THE UNITHOLDERS OF PHEIM INCOME FUND

We, Teh Song Lai and Hoi Weng Kong, being two of the directors (alternate director and director respectively) of Pheim Unit Trusts Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements of Pheim Income Fund are drawn up in accordance with the Deed, Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission Malaysia's Guidelines on Unit Trust Funds so as to give a true and fair view of the financial position of Pheim Income Fund as at 31 December 2023 and of its financial performance and cash flows for the financial year then ended.

On behalf of the Manager,
PHEIM UNIT TRUSTS BERHAD

TEH SONG LAI
Alternate Director to Dr. Tan Chong Koay

HOI WENG KONG
Director

Kuala Lumpur, Malaysia

Date : 21 February 2024

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF PHEIM INCOME FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PHEIM INCOME FUND ("the Fund"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in net asset value attributable to unitholders and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 130-156.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission Malaysia's *Guidelines on Unit Trust Funds*.

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, PHEIM UNIT TRUSTS BERHAD, is responsible for the other information. The other information comprises the information on the Fund together with the Manager's Report included in the Annual Report of the Funds managed by the Manager 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.

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd.)

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

Responsibilities of the Manager and Trustee for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission Malaysia's *Guidelines on Unit Trust Funds*. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable the presentation of financial statements that are true and fair.

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 have 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 skepticism throughout the audit. We also :-

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

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd.)

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements 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 unitholders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

FOLKS DFK & CO.
NO. : AF 0502
CHARTERED ACCOUNTANTS

SAM SIOW CHENG
NO. : 03306/06/2025 J
CHARTERED ACCOUNTANT

Kuala Lumpur

Date : 21 February 2024

PHEIM INCOME FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM	2022 RM
INVESTMENT INCOME/(LOSS)			
Gross dividend income		73,615	126,812
Interest income from :			
- financial assets at amortised cost		46,409	30,469
- financial assets at fair value through other comprehensive income ("FVTOCI")		363,472	363,848
Net loss on financial assets at fair value through profit or loss ("FVTPL")	7(a)	(80,826)	(558,084)
Net realised loss on disposals of financial assets at FVTOCI		(72,109)	-
Amortisation of premiums, net of accretion of discounts on financial assets at FVTOCI	8	(40,865)	(31,928)
Net realised loss on foreign exchange		(2,402)	(115)
		<u>287,294</u>	<u>(68,998)</u>
EXPENSES			
Manager's fee	4	127,076	129,766
Trustee's fee	5	15,000	15,485
Auditor's remuneration		8,500	8,000
Tax agent's fee		3,000	3,000
Brokerage fee and transaction costs		5,641	11,184
Administrative expenses		24,739	19,374
		<u>183,956</u>	<u>186,809</u>
Net income/(loss) before taxation		103,338	(255,807)
Taxation	6	(3,955)	(18,046)
Net income/(loss) after taxation		<u>99,383</u>	<u>(273,853)</u>
Other comprehensive income			
<i>Item that will be reclassified subsequently to profit or loss</i>			
Net gain/(loss) on changes in fair value of financial assets at FVTOCI	8	53,527	(75,120)
Reclassification adjustment to profit or loss on derecognition of financial assets at FVTOCI	8	28,534	(1,132)
Total other comprehensive income/(loss) for the financial year		<u>82,061</u>	<u>(76,252)</u>
Total comprehensive income/(loss) for the financial year		<u>181,444</u>	<u>(350,105)</u>
Net income/(loss) after taxation is made up of the following :			
Net realised (loss)/income		(207,855)	452,994
Net unrealised income/(loss)		307,238	(726,847)
		<u>99,383</u>	<u>(273,853)</u>
Distribution for the financial year :			
Net distribution	11	383,097	381,110
Net distribution per unit (sen)	11	3.00	3.00
Gross distribution per unit (sen)	11	3.00	3.00

The accompanying notes form an integral part of the financial statements.

**PHEIM INCOME FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Note	2023 RM	2022 RM
ASSETS			
Investments	7	9,466,598	11,313,434
Deposits with licensed financial institutions	9	2,584,548	800,362
Other receivables		110,514	119,128
Tax recoverable		15,472	1,096
Cash at bank		303,589	595,340
TOTAL ASSETS		<u>12,480,721</u>	<u>12,829,360</u>
LIABILITIES			
Amount due to Manager	10	10,069	10,033
Amount due to Trustee		1,317	1,315
Other payables and accruals		19,024	15,200
TOTAL LIABILITIES		<u>30,410</u>	<u>26,548</u>
NET ASSET VALUE OF THE FUND		<u>12,450,311</u>	<u>12,802,812</u>
EQUITY			
Unitholders' capital	12(a)	13,238,348	13,389,196
Accumulated losses	12	(800,601)	(516,887)
FVTOCI reserve		12,564	(69,497)
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (TOTAL EQUITY)	12	<u>12,450,311</u>	<u>12,802,812</u>
UNITS IN CIRCULATION	12 (a)	<u>12,624,317</u>	<u>12,780,751</u>
NET ASSET VALUE ("NAV") PER UNIT	13	<u>0.9862</u>	<u>1.0017</u>

The accompanying notes form an integral part of the financial statements.

PHEIM INCOME FUND
STATEMENT OF CHANGES IN NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Unitholders' capital RM	Retained earnings/ Accumulated losses RM	FVTOCI reserve RM	Total equity RM
Balance at 1 January 2022	13,269,541	138,076	6,755	13,414,372
Net loss for the financial year	-	(273,853)	-	(273,853)
Other comprehensive loss :				
Net loss on changes in fair value of financial assets at FVTOCI	-	-	(75,120)	(75,120)
- Reclassification adjustment to profit or loss on derecognition of financial assets at FVTOCI	-	-	(1,132)	(1,132)
Total comprehensive loss for the financial year	-	(273,853)	(76,252)	(350,105)
Creation of units	657,847	-	-	657,847
Cancellation of units	(534,656)	-	-	(534,656)
Distribution equalisation	(3,536)	-	-	(3,536)
Income distribution (Note 11)	-	(381,110)	-	(381,110)
Total transactions with unitholders	119,655	(381,110)	-	(261,455)
Balance at 31 December 2022	13,389,196	(516,887)	(69,497)	12,802,812
Net income for the financial year	-	99,383	-	99,383
Other comprehensive income :				
Net gain on changes in fair value of financial assets at FVTOCI	-	-	53,527	53,527
- Reclassification adjustment to profit or loss on derecognition of financial assets at FVTOCI	-	-	28,534	28,534
Total comprehensive income for the financial year	-	99,383	82,061	181,444
Creation of units	500,443	-	-	500,443
Cancellation of units	(662,042)	-	-	(662,042)
Distribution equalisation	10,751	-	-	10,751
Income distribution (Note 11)	-	(383,097)	-	(383,097)
Total transactions with unitholders	(150,848)	(383,097)	-	(533,945)
Balance at 31 December 2023	13,238,348	(800,601)	12,564	12,450,311

The accompanying notes form an integral part of the financial statements.

PHEIM INCOME FUND
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023	2022
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	2,769,501	1,883,724
Purchase of investments	(1,523,744)	(3,233,779)
Purchase of bonds	-	(3,557,616)
Proceeds received from bonds on maturity	500,000	1,000,000
Dividends received	67,138	121,005
Interest received	403,481	393,813
Management fee paid	(127,081)	(130,256)
Trustee's fee paid	(15,000)	(15,699)
Payment for other fees and expenses	(30,042)	(28,757)
Tax paid	(15,545)	(12,096)
Net cash from/(used in) operating and investing activities	<u>2,028,708</u>	<u>(3,579,661)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	94,330	294,283
Payment for cancellation of units	(630,527)	(539,139)
Distribution paid	(76)	-
Net cash used in financing activities	<u>(536,273)</u>	<u>(244,856)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,492,435	(3,824,517)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>1,395,702</u>	<u>5,220,219</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>2,888,137</u>	<u>1,395,702</u>
Cash and cash equivalents comprise the following:		
Deposits with licensed financial institutions (Note 9)	2,584,548	800,362
Cash at bank	303,589	595,340
	<u>2,888,137</u>	<u>1,395,702</u>

The accompanying notes form an integral part of the financial statements.

**PHEIM INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Pheim Income Fund ("the Fund") was established pursuant to a Master Deed dated 11 January 2002 as amended and modified and supplemented by a Supplemental Master Deed dated 03 November 2008 made between HSBC Trustee (Malaysia) and Pheim Unit Trusts Berhad ("the Manager"), a Second Supplemental Master Deed dated 29 April 2013, Third Supplemental Master Deed dated 30 April 2015 and the Fourth Supplemental Master Deed dated 10 January 2023 made between the Manager and Maybank Trustees Berhad ("the Trustee").

The objective of the fund is to provide unitholders with consistent income returns in the medium to longer term by investing primarily in medium to long-term fixed income instruments and also equities other high yielding instruments. The Fund is to invest in "Permitted Investments" in accordance with the Deeds comprising :

- (a) Securities of Malaysian companies listed on approved stock exchange(s);
- (b) Securities and liquid assets in foreign markets that are permitted by the SC;
- (c) Loan stocks and corporate bonds;
- (d) Unlisted securities whether or not approved for listing and quotation under the rules of an eligible market, which are offered directly to the Fund by the issuer;
- (e) Malaysian government securities, treasury bills, Bank Negara Malaysia certificates, government investment certificates and Cagamas bonds;
- (f) Units or shares of other collective investments schemes;
- (g) Cash, deposits and money market instruments with financial institutions licenced or approved to accept deposits;
- (h) Derivatives traded on an exchange or over-the-counter (for hedging purposes only);
- (i) Structured products by an eligible issuer (for structured products issued in Malaysia) or an issuer regulated by the relevant regulatory authority (for structured products issued outside Malaysia);
- (j) Any other form of investments as may be agreed upon by the Manager and the Trustee from time to time; and
- (k) Any other form of investments as may be permitted by the SC from time to time.

The Manager, Pheim Unit Trusts Berhad, is a public company incorporated in Malaysia. It is a wholly owned subsidiary of Pheim Asset Management Sdn Bhd, a private company incorporated in Malaysia. Its principal activity is the management of unit trust funds. Pheim Asset Management Sdn Bhd has been appointed by the Manager as the External Investment Manager of the Fund with the responsibility for providing investment management services to the Fund.

The principal place of business of the Fund is located at 7th Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur.

The financial statements are presented in Ringgit Malaysia (RM).

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with the resolution of the directors on 21 February 2024.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Securities Commission Malaysia's *Guidelines on Unit Trust Funds*.

2.2 Basis of Measurement

The financial statements of the Fund are prepared under the historical cost convention except for debt and equity financial assets that have been measured at fair value.

2.3 Application of New MFRS and Amendments to MFRSs That Are Effective on 1 January 2023

During the financial year, the Fund has applied certain new MFRS and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which became effective for annual accounting period beginning on 1 January 2023. The initial application of those new MFRS and amendments to MFRSs has no impact on the financial statements of the Fund, other than as explained below.

Amendments to MFRS 101 and MFRS Practice Statement 2 - Disclosure of Accounting Policies

The Fund adopted the Amendments from 1 January 2023. The Amendments changed the requirements in MFRS 101 to disclose 'material accounting policy information' rather than 'significant accounting policies' and must be of entity-specific. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The Amendments have also added guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Amendments have had an impact on the disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

2.4 Amendments to MFRSs That Are In Issue But Not Yet Effective and Have Not Been Early Adopted

A number of amendments to MFRSs issued by the MASB which are effective for annual accounting periods beginning after 1 January 2023 have not been early adopted by the Fund. None of these amendments to MFRSs are expected to have material effect on the financial statements of the Fund in the period of initial application.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below are consistent with those applied by the Fund in the previous financial year.

3.1 Financial Assets

Financial assets are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instruments. Regular way of purchase and sale of investments in financial instruments are recognised on trade dates, i.e. the date on which the Fund commits to purchase or sell the investments. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs, for investments not at fair value through profit or loss. Transaction costs for investments carried at fair value through profit or loss are charged to profit or loss.

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

3.1 Financial Assets (Cont'd.)

Subsequent to initial recognition, financial assets are measured in accordance with their classification on initial recognition.

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

The Fund determines the classification of its financial assets at initial recognition into the following categories for subsequent measurement depending on both its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(a) Financial assets at amortised cost

Financial assets which are debt instruments are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund's financial assets at amortised cost comprised other receivables, deposits with licensed financial institutions and cash at bank.

Subsequent to initial recognition, the debt instruments are measured at amortised cost using the effective interest method less any allowance for impairment. Gains or losses are recognised in profit or loss when the debt instruments are derecognised or impaired, and through the amortisation process.

(b) Financial assets at fair value through other comprehensive income ("FVTOCI")

Debt instruments are measured at FVTOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund's FVTOCI financial assets consist of unquoted fixed income securities as disclosed in Note 8.

Subsequent to initial recognition, gains or losses from changes in fair value of the debt instruments are recognised in other comprehensive income, except for impairment gains or losses, foreign exchange gains and losses, and interest calculated using effective interest method which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the debt instrument is derecognised.

(c) Financial assets at fair value through profit or loss ("FVTPL")

The Fund's financial assets at FVTPL comprised equity investments and debt instruments which are held under a business model to manage and evaluate their performance on a fair value basis.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value with changes in fair value recognised in profit or loss and presented as "Net gain or loss on financial assets at FVTPL". Interest and dividend earned from such instruments are recognised and presented separately as "Interest income" and "Gross dividend income", respectively in profit or loss. Foreign exchange differences on financial assets at FVTPL are not recognised separately in profit and loss but included in net gains or net losses on changes in fair value of financial assets at FVTPL.

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

3.2 Impairment of Financial Assets

The Fund assesses financial assets at FVTOCI and at amortised cost for expected credit losses ("ECLs") and account for the ECLs and changes in those ECLs at each reporting date to reflect changes in their credit risk since initial recognition. ECLs represent a probability-weighted estimate of the difference between present value of contractual cash flows attributable to a financial asset and present value of cash flows the Fund expects to receive over the remaining life of the financial asset. When a financial asset is credit-impaired, the ECLs shall be measured as the difference between the gross carrying amount of the asset and the present value of the estimated future cash flows. A financial asset is written off when the Fund has no reasonable expectations of recovering the contractual cash flows.

(a) Financial assets at FVTOCI

The Fund recognises an allowance for ECLs on debt instruments at FVTOCI to reflect their credit exposures at the reporting date. If the credit risk on the debt instruments has increased significantly since initial recognition, a loss allowance which equal to the lifetime ECLs is recognised, irrespective of the timing of default events that are possible. If there has not been a significant increase in the credit risk since initial recognition, a loss allowance which equal to 12-month ECLs is recognised for the effect of default events that are possible within the next 12 months. The cumulative loss allowance does not reduce the carrying amount of debt instruments at FVTOCI and is recognised in other comprehensive income. An impairment loss or gain is recognised in profit or loss as the amount of expected credit losses (or reversals) that is required to arrive at the cumulative loss allowance.

(b) Financial assets at amortised cost

For short-term amount due from other receivables carried at amortised cost and with maturities of less than 12 months, ECLs are measured using the simplified approach for ECL under MFRS 9 for trade receivables with no financing component. Under this approach, the Fund does not track changes in credit risk of the receivables and recognises a loss allowance based on their lifetime ECL at the reporting date. The amount of expected credit losses (or reversals) required to arrive at the loss allowance is recognised as an impairment loss or gain in profit or loss. The cumulative loss allowance recognised is set off against the gross carrying amount of the receivables at the reporting date.

3.3 Classification of Realised and Unrealised Gain and Losses

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

Realised gains and losses on disposals of financial instruments classified as part of "at fair value through profit or loss" are calculated using weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payment or receipts made of derivative contracts (excluding payments or receipts on collateral margin accounts for such investments).

3.4 Financial Liabilities

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 instruments. All financial liabilities are recognised initially at fair value, minus directly attributable transaction costs in the case of financial liabilities not at FVTPL.

Financial liabilities are classified at initial recognition according to the substance of the contractual arrangements entered into and the definition of a financial liability.

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

3.4 Financial Liabilities (Cont'd.)

The Fund's financial liabilities which include amounts due to Trustee and Manager, other payables and accruals are classified as subsequently measured at amortised cost using the effective interest method. The Fund does not have financial liabilities classified as at FVTPL.

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

3.5 Fair Value Measurement

For financial assets at FVTOCI and FVTPL that require fair value measurement, the Fund establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active markets and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or, in the absence of a principal market, the most advantageous market for the asset; and for which the Fund can enter into a transaction for the asset at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from the marketplace that are observable for substantially the full term of the asset.

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

3.6 Foreign Currencies

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 also the Fund's functional currency.

In preparing the financial statements, transactions in currencies other than the Fund's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the end of the reporting period. Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising from the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in equity. Exchange differences arising from such non-monetary items are recognised directly to equity.

3.7 Unitholders' Capital

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments under MFRS 132.

Distribution equalisation represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

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

3.8 Income Distribution

Income distributions are at the discretion of the Manager. Income distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as deduction from unitholders' capital.

3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and deposits with licensed financial institutions which have insignificant risk of changes in value.

3.10 Income Recognition

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

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

Interest income, which includes the accretion of discount and amortisation of premium on fixed income securities, is recognised using effective interest method.

3.11 Income Tax

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

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

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

3.12 Segment Reporting

For management purposes, the Fund is managed under 2 main portfolios, namely (1) equity securities; and (2) fixed income instruments. Each segment engages in separate business activities and the operating results are regularly reviewed by the Manager, External Investment Manager and the Fund's Investment Committee. The External Investment Manager and the Fund Investment Committee jointly assumes the role of chief operation decision maker, for performance assessment purposes and to make decision about resources allocated to each investment segment.

3.13 Significant Accounting Estimates and Judgements

The preparation of financial statements in accordance with MFRS and IFRS requires the use of certain accounting estimates and exercise of judgements. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

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

4. MANAGER'S FEE

The Manager is entitled to an annual management fee of 1.00% (2022 : 1.00%) per annum of the NAV of the Fund (before deducting Manager's and Trustee's fees for the day) calculated and accrued on a daily basis.

5. TRUSTEE' S FEE

The Trustee is entitled to a fee of 0.055% (2022 : 0.055%) per annum based on the NAV of the Fund (before deducting Manager's and Trustee's fees for the day) calculated and accrued on a daily basis subject to a minimum of RM15,000 (2022 : RM15,000) per annum.

6. TAXATION

	2023	2022
	RM	RM
Malaysian income tax :		
- Current financial year	6,500	11,000
- Income tax over provided in prior financial year	(5,405)	-
Foreign income tax	2,860	7,046
	<u>3,955</u>	<u>18,046</u>

Income tax is calculated at Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable net income for the financial year.

With effect from 1 January 2022, income derived from sources outside Malaysia and received by the Fund in Malaysia will be subject to the Malaysian income tax pursuant to the Income Tax Act 1967.

The tax charge for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. A reconciliation of tax expense applicable to the net income/(loss) before taxation at the statutory tax rate to tax expense at the effective tax rate of the Fund is as follows :

	2023	2022
	RM	RM
Net income/(loss) before taxation	<u>103,338</u>	<u>(255,807)</u>
Taxation at the Malaysian statutory rate of 24 % (2022 : 24%)	24,801	(61,394)
Tax effects in respect of:		
Income not subject to tax	(214,957)	(148,705)
Loss disregarded for tax purposes	155,596	182,133
Expenses not deductible for tax purposes	11,708	11,712
Restriction on tax deductible expenses for unit trust funds	29,352	29,818
Foreign income tax	2,860	7,046
Tax savings on different tax rate	-	(2,564)
Income tax over provided in prior financial year	(5,405)	-
Tax expense	<u>3,955</u>	<u>18,046</u>

7. INVESTMENTS

	2023	2022
	RM	RM
Financial assets at fair value through profit or loss ("FVTPL")		
Quoted equities :		
- in Malaysia	1,648,068	1,871,678
- outside Malaysia	1,540,576	1,672,212
	<u>3,188,644</u>	<u>3,543,890</u>
Unquoted convertible loan stock outside Malaysia	306,073	288,860
	<u>3,494,717</u>	<u>3,832,750</u>
Financial assets at fair value through other comprehensive income ("FVTOCI") (Note 8)		
- Unquoted fixed income securities in Malaysia	5,971,881	7,480,684
Total investments	<u>9,466,598</u>	<u>11,313,434</u>

7. INVESTMENTS (CONT'D.)

(a) Net loss on financial assets at FVTPL for the financial year comprised the following :

	2023 RM	2022 RM
Realised (loss)/gain on disposals	(388,064)	168,763
Unrealised gain/(loss) on changes in fair value	307,238	(726,847)
As presented on the statement of comprehensive income	<u>(80,826)</u>	<u>(558,084)</u>

(b) The currency exposure profile of financial assets at FVTPL is as follows :

	2023 RM	2022 RM
Ringgit Malaysia	1,648,068	1,871,678
Australian Dollar	327,575	168,839
Hong Kong Dollar	436,252	794,906
Indonesian Rupiah	189,362	210,310
Philippine Peso	31,299	148,537
Singapore Dollar	725,391	561,920
Thai Baht	136,770	76,560
	<u>3,494,717</u>	<u>3,832,750</u>

(c) Financial assets at FVTPL as at financial year end

2023				Fair value as a percentage of NAV
Name of Counter	Quantity held	Cost RM	Fair value RM	
QUOTED EQUITIES IN MALAYSIA				
Main Market / ACE Market				
Healthcare				
Hartalega Holdings Bhd	22,900	223,468	61,830	0.50%
Supercomnet Technologies Berhad	115,100	186,462	140,422	1.13%
	<u>138,000</u>	<u>409,930</u>	<u>202,252</u>	<u>1.63%</u>
Consumer products				
DXN Holdings Berhad	190,900	133,630	121,222	0.97%
Senheng New Retail Berhad	196,800	190,176	64,944	0.52%
	<u>387,700</u>	<u>323,806</u>	<u>186,166</u>	<u>1.49%</u>
Construction				
Gabungan AQRS Berhad	228,900	146,806	75,537	0.61%
Financial services				
Hong Leong Capital	15,000	75,000	68,250	0.55%
Energy				
Hibiscus Petroleum Berhad	180,880	213,014	459,435	3.69%
Properties				
Skyworld Development Berhad	117,100	93,680	64,405	0.52%
Industrial products				
Evergreen Fibreboard Berhad	191,000	80,712	58,255	0.47%
Globaltec Formation Berhad	78,500	48,607	47,100	0.38%
	<u>269,500</u>	<u>129,319</u>	<u>105,355</u>	<u>0.85%</u>

7. INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

Name of Counter	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
2023 (Cont'd.)				
QUOTED EQUITIES IN MALAYSIA				
TECHNOLOGY				
Greatech Technology Bhd	9,700	67,900	46,560	0.37%
Kronologi Asia Berhad	990,840	571,599	391,381	3.14%
Kronologi Asia Berhad - Warrants	165,140	-	25,597	0.21%
Omesti Berhad	50,000	30,000	14,500	0.12%
Omesti Berhad - Redeemable Preference Shares	10,000	10,000	8,630	0.07%
	<u>1,225,680</u>	<u>679,499</u>	<u>486,668</u>	<u>3.91%</u>
TOTAL QUOTED EQUITIES IN MALAYSIA	<u>2,562,760</u>	<u>2,071,054</u>	<u>1,648,068</u>	<u>13.25%</u>
QUOTED EQUITIES OUTSIDE MALAYSIA				
Australia Stock Exchange ("ASX")				
EQ Resources Limited	897,638	156,496	159,943	1.28%
NuEnergy Gas Limited	1,625,000	198,250	167,632	1.35%
	<u>2,522,638</u>	<u>354,746</u>	<u>327,575</u>	<u>2.63%</u>
Hong Kong Stock Exchange ("HKSE")				
Asia Cement Holdings Corporation	26,000	71,517	37,309	0.30%
China Merchant Bank	3,000	66,558	47,988	0.39%
Essex Bio-Technology Ltd	96,000	270,533	140,579	1.13%
China Constructions Bank Corp	46,000	153,356	125,795	1.01%
Nameson Holdings Ltd	94,000	51,547	27,641	0.22%
Tongda Group Holdings	940,000	70,329	56,940	0.46%
	<u>1,205,000</u>	<u>683,840</u>	<u>436,252</u>	<u>3.51%</u>
Jakarta Stock Exchange ("JSX")				
PT Erajaya Swasembada Tbk	881,200	142,746	112,017	0.90%
PT Wir Asia Tbk	2,400,000	105,871	77,345	0.62%
	<u>3,281,200</u>	<u>248,617</u>	<u>189,362</u>	<u>1.52%</u>
Phillipine Stock Exchange ("PSE")				
Converge Information and Communications Technology Solutions, Inc	45,000	72,653	31,299	0.25%
Singapore Stock Exchange ("SGX")				
Alpina Holding Limited	127,000	123,561	80,835	0.65%
Grand Venture Technology	58,700	204,972	111,270	0.89%
Fortress Minerals Ltd	111,400	117,683	118,175	0.95%
Mooreast Holding Limited	209,000	142,469	109,038	0.88%
	<u>506,100</u>	<u>588,685</u>	<u>419,318</u>	<u>3.37%</u>
Stock Exchange of Thailand ("SET")				
L.P.N Development Public Company Ltd	130,000	131,024	69,325	0.56%
TBN Corporation Public Company Limited	35,700	72,237	67,445	0.54%
	<u>165,700</u>	<u>203,261</u>	<u>136,770</u>	<u>1.10%</u>

7. INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2023 (Cont'd.)

Name of Counter	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
TOTAL QUOTED EQUITIES OUTSIDE MALAYSIA	7,725,638	2,151,802	1,540,576	12.38%
UNQUOTED CONVERTIBLE LOAN STOCK OUTSIDE MALAYSIA				
Singapore Institute of Advanced Medicine Holdings Pte. Ltd. (Note i)	88,000	282,656	306,073	2.46%
TOTAL FINANCIAL ASSETS AT FVTPL	10,376,398	4,505,512	3,494,717	28.09%
SHORTFALL OF FAIR VALUE OVER COST			(1,010,795)	

2022

Name of Counter	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
QUOTED EQUITIES IN MALAYSIA				
Main Market / ACE Market				
Construction				
Advancecon Holdings Berhad	431,200	134,354	107,800	0.84%
Gabungan AQRS Berhad	228,900	147,279	59,514	0.46%
Muhibbah Engineering (M) Berhad	465,050	287,889	232,525	1.82%
	1,125,150	569,522	399,839	3.12%
Consumer products and services				
Senheng New Retail Berhad	196,800	190,176	119,064	0.93%
Teo Seng Capital Bhd	36,000	55,554	26,820	0.21%
	232,800	245,730	145,884	1.14%
Energy				
Hibiscus Petroleum Berhad	452,200	533,107	483,854	3.78%
Healthcare				
Hartalega Holdings Bhd	22,900	224,253	38,930	0.30%
Industrial Products				
Evergreen Fibreboard Berhad	191,000	80,964	74,490	0.58%
L&P Global Berhad	20,900	6,270	6,270	0.05%
Lotte Chemical Titan Holding Bhd	46,000	122,549	65,320	0.51%
Pestech International Berhad	238,000	130,900	73,780	0.58%
Seng Fong Holdings Berhad	87,500	65,625	61,250	0.48%
Supercomnet Technologies Berhad	115,100	186,340	180,707	1.41%
	698,500	592,648	461,817	3.61%
TECHNOLOGY				
Greatech Technology Bhd	9,700	68,132	46,948	0.37%
Kronologi Asia Berhad	552,200	365,722	265,056	2.07%
Omesti Berhad	50,000	30,081	20,750	0.16%
Omesti Berhad - Redeemable Preference Shares	10,000	10,010	8,600	0.07%
	621,900	473,945	341,354	2.67%

7. INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2022 (Cont'd.)

Name of Counter	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
TOTAL QUOTED EQUITIES IN MALAYSIA	3,153,450	2,639,205	1,871,678	14.62%
QUOTED EQUITIES OUTSIDE MALAYSIA				
Australia Stock Exchange ("ASX")				
EQ Resources Limited	1,176,060	203,426	168,839	1.32%
Hong Kong Stock Exchange ("HKSE")				
Agricultural Bank China	45,000	68,956	68,127	0.53%
Asia Cement Holdings Corporation	26,000	71,517	54,050	0.42%
Essex Bio-Technology Ltd	96,000	269,991	227,768	1.78%
Bank Of China Ltd	97,000	156,477	155,619	1.22%
China Constructions Bank Corp	46,000	153,828	127,069	0.99%
China Life Insurance Co Ltd	18,000	151,514	136,254	1.06%
Nameson Holdings Ltd	94,000	51,732	26,019	0.20%
	422,000	924,015	794,906	6.20%
Jakarta Stock Exchange ("JSX")				
PT Erajaya Swasembada Tbk	881,200	142,746	97,826	0.76%
PT Bank Syariah Indonesia Tbk	307,900	96,882	112,484	0.88%
	1,189,100	239,628	210,310	1.64%
Phillipine Stock Exchange ("PSE")				
Converge Information and Communications Technology Solutions, Inc	45,000	72,653	56,596	0.44%
Global Ferronickel Holdings Inc	462,500	105,262	91,941	0.72%
	507,500	177,915	148,537	1.16%
Singapore Stock Exchange ("SGX")				
Alpina Holding Limited	127,000	123,561	64,616	0.50%
Grand Venture Technology Limited	58,700	205,460	97,305	0.76%
Mooreast Holdings Ltd	209,000	144,513	111,139	0.87%
	394,700	473,534	273,060	2.13%
Stock Exchange of Thailand ("SET")				
L.P.N Development Public Company Ltd	130,000	131,305	76,560	0.60%
TOTAL QUOTED EQUITIES OUTSIDE MALAYSIA	3,819,360	2,149,823	1,672,212	13.05%
UNQUOTED CONVERTIBLE LOAN STOCK OUTSIDE MALAYSIA				
Singapore Institute of Advanced Medicine Holdings Pte. Ltd. (Note i)	88,000	282,656	288,860	2.26%
TOTAL FINANCIAL ASSETS AT FVTPL	7,060,810	5,071,684	3,832,750	29.93%
SHORTFALL OF FAIR VALUE OVER COST			(1,238,934)	

7. INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2022 (Cont'd.)**(i) Singapore Institute of Advanced Medicine Holdings Pte. Ltd.**

The investment in unquoted convertible loan stock made by the Fund with Singapore Institute of Advanced Medicine Holdings Pte. Ltd. ("SIAMH") is convertible into ordinary shares upon the issuance of new ordinary shares pursuant to SIAMH's proposed initial public offering and listing on the Catalist Board of Singapore Stock Exchange Securities Trading Limited ("the Proposed Listing"). The Proposed Listing exercise has yet to be completed as at the date of approval of these financial statements.

8. FINANCIAL ASSETS AT FVTOCI

	2023	2022
	RM	RM
Unquoted fixed income securities (Note 7)	5,971,881	7,480,684
Amortisation of premiums, net of accretion of discounts on financial assets at FVTOCI	(40,865)	(31,928)
Unrealised gain/(loss) on changes in fair value of financial assets at FVTOCI	53,527	(75,120)
Reclassification adjustments on derecognition of financial assets at FVTOCI	28,534	(1,132)
Total other comprehensive income/(loss)	82,061	(76,252)

Financial assets at FVTOCI as at financial year end

2023	Nominal		Cost *	Fair value	Fair value
Name of Counter	Amount		RM	RM	as a
UNQUOTED FIXED INCOME SECURITIES	RM				percentage
					of NAV
DRB-HICOM IMTN 4.550% -12.12.2024 "A+"	1,000,000		1,004,372	1,003,630	8.06%
ECO CAPITAL MTN 6.10% -13.8.2024 (Unrated)	2,000,000		2,006,465	2,035,000	16.34%
ECO CAPITAL MTN 6.10% -13.8.2024 (Unrated)	800,000		802,601	814,000	6.54%
MAYBANK IMTN 4.080% -22.02.2117 "AA3"	200,000		205,270	200,092	1.61%
IJM LAND 5.730% PERPETUAL SUKUK MUSHARAKAH -S1 T2 -17.3.2119 "A2 (s)"	400,000		421,737	409,496	3.29%
MCIS INS 5.300% -29.12.2031 "A2"	250,000		257,510	254,005	2.04%
SABAHDEV MTN 2557D -24.4.2026 "AA1"	250,000		257,457	255,498	2.05%
SABAHDEV MTN 1096D -30.7.2024 "AA1"	1,000,000		1,003,905	1,000,160	8.03%
	<u>5,900,000</u>		<u>5,959,317</u>	<u>5,971,881</u>	<u>47.96%</u>
EXCESS OF FAIR VALUE OVER COST				<u>12,564</u>	

8. FINANCIAL ASSETS AT FVTOCI (CONT'D.)

Financial assets at FVTOCI as at financial year end (Cont'd.)

2022

Name of Counter	Nominal Amount RM	Cost * RM	Fair value RM	Fair value as a percentage of NAV
UNQUOTED FIXED INCOME SECURITIES				
DRB-HICOM IMTN 4.550% -12.12.2024 "A+"	1,000,000	1,008,930	999,500	7.81%
ECO CAPITAL MTN 6.10% -13.8.2024 (Unrated)	2,800,000	2,823,562	2,849,000	22.25%
MAYBANK IMTN 4.080% -22.02.2117 "AA3"	200,000	205,326	199,290	1.56%
IJM LAND 5.730% PERPETUAL SUKUK MUSHARAKAH -S1 T2 -17.3.2119 "A2 (s)"	400,000	421,964	404,620	3.16%
TG EXCELLENCE SUKUK WAKALAH (TRANCHE 1) -27.02.2120 "AA- IS (CG)"	1,050,000	1,048,962	1,028,024	8.03%
MCIS INS 5.300% -29.12.2031 "A2"	250,000	258,443	250,290	1.95%
SABAHDEV MTN 2557D -24.4.2026 "AA1"	250,000	260,657	252,940	1.98%
SABAHDEV MTN 1096D -30.7.2024 "AA1"	1,000,000	1,010,561	992,840	7.75%
AIBB IMTN1 PERPETUAL AT1 SUKUK WAKALAH -18.10.2117 "A3"	500,000	511,776	504,180	3.94%
	<u>7,450,000</u>	<u>7,550,181</u>	<u>7,480,684</u>	<u>58.43%</u>
SHORTFALL OF FAIR VALUE OVER COST			<u>(69,497)</u>	

* Cost of fixed income securities includes accretion of discount and/or amortisation of premium.

9. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	2023 RM	2022 RM
Short-term deposits	<u>2,584,548</u>	<u>800,362</u>

The weighted average effective interest rate of the Fund's short-term deposits as at 31 December 2023 is 3.57% (2022 : 2.75%) per annum and had an original maturity period ranging from 7 to 368 days (2022 : 4 days).

10. AMOUNT DUE TO MANAGER

	2023 RM	2022 RM
Amount due to Manager for management fee payable	<u>10,069</u>	<u>10,033</u>

11. INCOME DISTRIBUTION

Distribution to unitholders are from the following sources:

	2023	2022
	RM	RM
Dividend income	72,840	63,518
Interest income	208,954	179,122
Net realised gain from sale of investment	96,924	114,333
	<u>378,718</u>	<u>356,973</u>
Less:		
Expenses	<u>107,267</u>	<u>59,072</u>
Current financial year's realised income	271,451	297,901
Distribution out of previous financial year's realised reserves	111,646	83,209
Distribution for the financial year	<u>383,097</u>	<u>381,110</u>
Units in circulation at book closing date	12,769,904	12,703,654
Gross distribution per unit (sen)	3.00	3.00
Net distribution per unit (sen)	3.00	3.00
Date of distribution	<u>28.04.2023</u>	<u>22.04.2022</u>

12. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (TOTAL EQUITY)

	Note	2023	2022
		RM	RM
Unitholders' capital	(a)	13,238,348	13,389,196
Accumulated losses			
- Realised earnings	(b)	79,607	670,559
- Unrealised losses	(c)	(880,208)	(1,187,446)
		(800,601)	(516,887)
FVTOCI reserve		12,564	(69,497)
Total equity / Net asset value		<u>12,450,311</u>	<u>12,802,812</u>

(a) Unitholders' Capital

	2023		2022	
	Number of units	Value RM	Number of units	Value RM
Balance at beginning of the financial year	12,780,751	13,389,196	12,676,615	13,269,541
Add: Creation of units	479,432	500,443	643,316	657,847
Less: Cancellation of units	(635,866)	(662,042)	(539,180)	(534,656)
Distribution equalisation	-	10,751	-	(3,536)
Balance at end of the financial year	<u>12,624,317</u>	<u>13,238,348</u>	<u>12,780,751</u>	<u>13,389,196</u>

The comparative information on the number of units has been restated to reflect the consistency with the register of unitholders maintained by the Manager. The restatement has no material impact on the financial statements of the Fund.

(b) Realised - Distributable

	2023	2022
	RM	RM
Balance at the beginning of the financial year	670,559	598,675
Net income/(loss) after taxation	99,383	(273,853)
Net unrealised (gain)/loss attributable to investments held transferred to unrealised reserve	(307,238)	726,847
Distribution out of realised reserve	<u>(383,097)</u>	<u>(381,110)</u>
Balance at the end of the financial year	<u>79,607</u>	<u>670,559</u>

12. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (TOTAL EQUITY) (CONT'D.)**(c) Unrealised - Non-distributable**

	2023	2022
	RM	RM
Balance at the beginning of the financial year	(1,187,446)	(460,599)
Net unrealised gain/(loss) attributable to investments held transferred from realised reserve	<u>307,238</u>	<u>(726,847)</u>
Balance at the end of the financial year	<u>(880,208)</u>	<u>(1,187,446)</u>

13. NET ASSET VALUE PER UNIT

Net asset value attributable to unitholders is classified as equity in the statement of financial position.

For the purpose of calculation of net asset value attributable to unitholders per unit, quoted financial assets in the financial statements are stated at the last done market price consistent with that used for issuance and redemption of units in accordance with the Deeds.

14. UNITS HELD BY RELATED PARTIES

	2023		2022	
	Number of units	Valued at NAV RM	Number of units	Valued at NAV RM
Director of the Manager #	<u>259,205</u>	<u>255,628</u>	<u>251,582</u>	<u>252,014</u>

The Director is a legal and beneficial owner of the units.

15. TRANSACTIONS WITH BROKERS

Details of transactions with stockbroking companies are as follows:

2023	Value of trade RM	Percentage of total trade	Brokerage fees RM	Percentage of total brokerage fees
Phillip Capital	382,795	13.15%	864	10.77%
CCB International Securities Limited	304,741	10.47%	762	9.50%
Kenanga Investment Bank Berhad	270,829	9.31%	319	3.98%
CLSA Securities Malaysia Sdn Bhd	259,630	8.92%	2,596	32.35%
BOCI Securities Limited	228,032	7.84%	570	7.10%
K&N	198,621	6.83%	298	3.71%
RHB Investment Bank Berhad	156,429	5.38%	352	4.39%
JF Apex Securities Bhd	129,913	4.46%	292	3.64%
MIDF Amanah Investment Bank Berhad	120,010	4.12%	188	2.34%
CIMB-GK Securities Indonesia	116,215	3.99%	349	4.35%
Others	742,676	25.52%	1,435	17.88%
	<u>2,909,891</u>	<u>100.00%</u>	<u>8,025</u>	<u>100.00%</u>

2022	Value of trade RM	Percentage of total trade	Brokerage fees RM	Percentage of total brokerage fees
Maybank ATR Kim Eng Ssecurities Inc	605,030	11.74%	1,513	14.46%
MIDF Amanah Investment Bank Bhd	484,973	9.41%	727	6.95%
CIMB Investment Bank Bhd	428,961	8.33%	1,829	17.48%
Affin Hwang Capital Investment Bank Bhd	420,579	8.16%	579	5.53%

15. TRANSACTIONS WITH BROKERS (CONT'D.)**2022 (Cont'd.)**

	Value of trade RM	Percentage of total trade	Brokerage fees RM	Percentage of total brokerage fees
Kenanga Investment Bank Bhd	344,720	6.69%	689	6.58%
BRI Danareksa Sekuritas	330,654	6.42%	1,259	12.03%
UOB Kay Hian Securities (M) Sdn Bhd	300,011	5.82%	600	5.73%
DBS Vickers Securities (Singapore) Pte L	225,394	4.37%	451	4.31%
Asiasec Equities, Inc	182,800	3.55%	457	4.37%
CLSA Securities Malaysia Sdn Bhd	178,236	3.46%	446	4.26%
Others	1,650,549	32.04%	1,914	18.29%
	<u>5,151,907</u>	<u>100.00%</u>	<u>10,464</u>	<u>100.00%</u>

16. TOTAL EXPENSE RATIO

This is the ratio of the sum of the fees (inclusive of the manager, trustee, audit and other professional fees) and other administrative expenses of the Fund to the average NAV of the Fund calculated on a daily basis. The average NAV of the Fund for the year ended 31 December 2023 was RM12,707,550 (2022: RM13,008,113).

	2023	2022
Total expense ratio	<u>1.45%</u>	<u>1.44%</u>

17. PORTFOLIO TURNOVER RATIO

This is the ratio of the average of acquisitions and disposals of the Fund for the year to average NAV of the Fund for the financial year calculated on daily basis.

	2023	2022
Portfolio turnover (times)	<u>0.17</u>	<u>0.33</u>

18. SEGMENT INFORMATION

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

- * A portfolio of equity instruments
- * A portfolio of fixed income portfolio, including debt securities and deposits with financial institutions

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

	Equity Portfolio RM	Fixed Income Portfolio RM	Total RM
2023			
Gross dividend income	73,615	-	73,615
Interest income	-	409,881	409,881
Net loss on financial assets at FVTPL	(80,826)	-	(80,826)
Net realised loss on disposals of financial assets at FVTOCI	-	(72,109)	(72,109)
Amortisation of premiums, net of accretion of discounts on financial assets at FVTOCI	-	(40,865)	(40,865)
Net realised loss on foreign exchange	<u>(2,402)</u>	<u>-</u>	<u>(2,402)</u>
Total segment operating income for the financial year	<u>(9,613)</u>	<u>296,907</u>	<u>287,294</u>

18. SEGMENT INFORMATION (CONT'D.)

	Equity Portfolio RM	Fixed Income Portfolio RM	Total RM
2023 (Cont'd.)			
Deposits with licensed financial institutions	-	2,584,548	2,584,548
Financial assets at FVTPL	3,494,717	-	3,494,717
Financial assets at FVTOCI	-	5,971,881	5,971,881
Other assets	3,992	106,522	110,514
Total segment assets	<u>3,498,709</u>	<u>8,662,951</u>	<u>12,161,660</u>
Total segment liabilities	<u>-</u>	<u>-</u>	<u>-</u>
2022			
Gross dividend income	126,812	-	126,812
Interest income	-	394,317	394,317
Net loss on financial assets at FVTPL	(559,216)	-	(559,216)
Amortisation of premiums, net of accretion of discounts on financial assets at FVTOCI	-	(31,928)	(31,928)
Net realised loss on foreign exchange	(115)	-	(115)
Total segment operating loss for the financial year	<u>(432,519)</u>	<u>362,389</u>	<u>(70,130)</u>
Deposits with licensed financial institutions	-	800,362	800,362
Financial assets at FVTPL	3,832,750	-	3,832,750
Financial assets at FVTOCI	-	7,480,684	7,480,684
Other assets	1,127	118,001	119,128
Total segment assets	<u>3,833,877</u>	<u>8,399,047</u>	<u>12,232,924</u>
Total segment liabilities	<u>-</u>	<u>-</u>	<u>-</u>

During the financial year, there were no transactions between operating segments.

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

	2023 RM	2022 RM
Net reportable segment operating income/(loss)	287,294	(68,998)
Expenses	(183,956)	(186,809)
Net income/(loss) before taxation	103,338	(255,807)
Taxation	(3,955)	(18,046)
Net income/(loss) after taxation	<u>99,383</u>	<u>(273,853)</u>

In addition, certain assets and liabilities are not considered to be part of the assets and liabilities of an individual segment. The following table provides reconciliation between total reportable segment assets and liabilities and total assets and liabilities of the Fund.

	2023 RM	2022 RM
Total segment assets	12,161,660	12,232,924
Tax recoverable	15,472	1,096
Cash at bank	303,589	595,340
Total assets of the Fund	<u>12,480,721</u>	<u>12,829,360</u>
Total segment liabilities	-	-
Amount due to Manager	10,069	10,033
Amount due to Trustee	1,317	1,315
Other payables and accruals	19,024	15,200
Total liabilities of the Fund	<u>30,410</u>	<u>26,548</u>

19. FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position, by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial assets at FVTPL RM	Financial assets at FVTOCI RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2023					
Financial assets					
Investments	3,494,717	5,971,881	-	-	9,466,598
Deposits with licensed financial institutions	-	-	2,584,548	-	2,584,548
Other receivables	-	-	110,514	-	110,514
Cash at bank	-	-	303,589	-	303,589
Total financial assets	3,494,717	5,971,881	2,998,651	-	12,465,249
Financial liabilities					
Amount due to Manager	-	-	-	10,069	10,069
Amount due to Trustee	-	-	-	1,317	1,317
Other payables and accruals	-	-	-	19,024	19,024
Total financial liabilities	-	-	-	30,410	30,410
2022					
Financial assets					
Investments	3,832,750	7,480,684	-	-	11,313,434
Deposits with licensed financial institutions	-	-	800,362	-	800,362
Other receivables	-	-	119,128	-	119,128
Cash at bank	-	-	595,340	-	595,340
Total financial assets	3,832,750	7,480,684	1,514,830	-	12,828,264
Financial liabilities					
Amount due to Manager	-	-	-	10,033	10,033
Amount due to Trustee	-	-	-	1,315	1,315
Other payables and accruals	-	-	-	15,200	15,200
Total financial liabilities	-	-	-	26,548	26,548

19. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Fair value

(i) Financial instruments that are carried at fair value

The Fund uses the following level of fair value hierarchy for determining and disclosing the fair value of financial instruments carried at fair value in the statement of financial position:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

The Fund's financial assets at FVTPL and financial assets at FVTOCI are carried at fair value. The fair values of these financial assets were determined using prices in active markets for identical assets.

Quoted equity instruments

Fair value of quoted equity instruments is determined directly by reference to their published market prices on the relevant stock exchanges at the reporting date. The fair value of quoted equity instruments which have lost active trading market due to suspension in their trading, is determined by reference to their published net tangible assets.

Unquoted fixed income securities

The published market prices for RM-denominated unquoted bonds are based on information provided by Bond Pricing Agency Malaysia Sdn Bhd.

The Fund held the following financial instruments carried at fair value on the statement of financial position as at the end of the financial year :

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Financial assets at FVTPL				
- Quoted equities	3,188,644	-	-	3,188,644
- Unquoted convertible loan stock	-	-	306,073	306,073
Financial assets at FVTOCI				
- Fixed income securities	-	5,971,881	-	5,971,881
	3,188,644	5,971,881	306,073	9,466,598
2022				
Financial assets at FVTPL				
- Quoted equities	3,543,890	-	-	3,543,890
- Unquoted convertible loan stock	-	-	288,860	288,860
Financial assets at FVTOCI				
- Fixed income securities	-	7,480,684	-	7,480,684
	3,543,890	7,480,684	288,860	11,313,434

The fair value of the Fund's investment in unquoted convertible loan stock is classified within Level 3 of the fair value hierarchy. Since the convertible loan stock is not traded in an active market and is of short-term in-nature pending the completion of the proposed initial public offering and listing exercise as explained in Note 7(c), the fair value of the unquoted convertible loan stock has been estimated to be equivalent to the cost of the Fund's investment.

(ii) Financial instruments not carried at fair value

Financial instruments not carried at fair value comprise financial assets and financial liabilities subsequently measured at amortised cost. The carrying amount of these financial instruments at the end of the financial year approximated their fair values due to their short-term to maturity.

20. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

The Fund maintains investment portfolios in a variety of quoted and unquoted financial instruments as dictated by its Trust Deed and investment management strategy.

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

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

(a) Market Risk

The Fund's principal exposure to market risk arises primarily due to changes or developments in the market environment and typically includes changes in regulations, politics and the economy of the country. Market risk is also influenced by global economics and geopolitical developments. The Fund seeks to diversify away some of this risk by investing into different sectors to mitigate risk exposure to any single asset class.

The Fund's market risk is affected primarily due to changes in market prices, interest rates and foreign currency exchange rates.

(i) Equity Price Risk

Equity price risk is the adverse changes in the fair value of equities as a result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in quoted equity securities.

The table below demonstrates the sensitivity from the Fund's net income/(loss) after taxation and NAV to a reasonably possible change in equity prices on investments in quoted equity securities, as at the end of the financial year with all other variables held constant:

	2023		2022	
	Impact on net income after taxation		Impact on net loss after taxation	
	Higher / RM	(Lower) RM	Lower / RM	(Higher) RM
Change in equity price by +6%/-6%	191,319 /	(191,319)	212,633 /	(212,633)

	2023		2022	
	Impact on NAV		Impact on NAV	
	Increase / RM	(Decrease) RM	Increase / RM	(Decrease) RM
Change in equity price by +6%/-6%	191,319 /	(191,319)	212,633 /	(212,633)

(ii) Interest Rate Risk

This risk refers to the effect of interest rate changes on the valuation for fixed income securities. In the event of rising interest rates, the return on deposits with financial institutions will rise while valuation for fixed income securities will decrease and vice versa, thus affecting the net asset value of the Fund. This risk will be minimised via the management of the duration structure of the portfolio of fixed income securities.

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

(a) Market Risk (Cont'd.)

(ii) Interest Rate Risk (Cont'd.)

The following table demonstrates the sensitivity of the Fund's NAV to a reasonably possible change in interest rate on fixed income securities as at the end of the financial year, with all other variables held constant :

	2023		2022	
	Impact on NAV		Impact on NAV	
	(Decrease) /	Increase	(Decrease) /	Increase
	RM	RM	RM	RM
Change in interest rate by +25bps/-25bps *	(14,930) /	14,930	(18,702) /	18,702

* bps = basis points

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(iii) Currency Risk

The Fund is exposed to currency risk primarily through its investments in overseas quoted equities securities that are denominated in foreign currencies. The Fund's foreign currency exposure profile of its investments in overseas securities is disclosed under Note 8.

The table below demonstrates the sensitivity of the Fund's net income/(loss) after taxation and NAV to +/-10% change in foreign currency exchange rates as at the end of the financial year, with all other variables held constant :

	2023		2022	
	Impact on net income after taxation		Impact on net loss after taxation	
	Higher /	(Lower)	Lower /	(Higher)
	RM	RM	RM	RM
Change in foreign currency exchange rates by +10%/-10%				
Australia Dollar	32,758	(32,758)	16,884	(16,884)
Hong Kong Dollar	43,625	(43,625)	79,491	(79,491)
Indonesian Rupiah	18,936	(18,936)	21,031	(21,031)
Phillipine Peso	3,130	(3,130)	14,854	(14,854)
Singapore Dollar	72,539	(72,539)	56,192	(56,192)
Thai Baht	13,677	(13,677)	7,656	(7,656)
	184,665	(184,665)	196,108	(196,108)

(b) Credit Risk

The Fund's principal exposure to credit risk arises primarily due to changes in the financial conditions of companies issuing debt securities and stockbroking companies, which may affect their creditworthiness. This in turn may lead to default in the payment. Such events can lead to loss of capital or delayed or reduced income for the Fund resulting in a reduction in the Fund's asset value and thus unit price. This risk is mitigated by vigorous credit analyses and diversification of the bond portfolio of the Fund and to engage different stockbroking companies with good reputation. Bond rating of the Fund's portfolio has been disclosed in Note 8.

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

(b) Credit Risk (Cont'd.)

The Fund's investments in debt securities, deposits with licensed financial institutions and bank balances are of high credit ratings while short term receivables are of short maturities; hence probability of their default on contractual obligations is deemed negligible. Accordingly, no allowance is required for their expected credit losses in accordance with the accounting policies as disclosed in Note 3.2. The carrying amount of the financial assets represents the maximum credit risk exposure for the Fund.

(c) Liquidity Risk

This risk occurs in thinly traded or illiquid equity securities. Should the Fund need to sell a relatively large amount of such securities, the act itself may significantly depress the selling price. As the Fund is exposed to daily redemption of units, the risk is minimised by placing a prudent level of funds in short-term deposits and by investing in stocks whose liquidity is adjudged to be commensurate with the expected exposure level of the Fund.

The following table summarises the maturity profile of the Fund's financial liabilities and the corresponding assets available to meet commitments associated with those financial liabilities and redemption by unitholders.

	1 month - 3 months RM	4 months - 3 years RM	Above 3 years RM	Total RM
2023				
Financial assets :				
- Financial assets at FVTPL	3,494,717	-	-	3,494,717
- Financial assets at FVTOCI	-	5,108,288	863,593	5,971,881
- Deposits with licensed financial institution	2,584,548	-	-	2,584,548
- Other assets	414,103	-	-	414,103
Total undiscounted financial assets	6,493,368	5,108,288	863,593	12,465,249
Non-financial assets	15,472	-	-	15,472
Total assets	6,508,840	5,108,288	863,593	12,480,721
Financial liabilities :				
- Other liabilities	30,410	-	-	30,410
Total undiscounted financial liabilities	30,410	-	-	30,410
Non-financial liabilities	-	-	-	-
Total liabilities	30,410	-	-	30,410
Unitholders' NAV	6,478,430	5,108,288	863,593	12,450,311
Liquidity gap	-	-	-	-
	1 month - 3 months RM	4 months - 3 years RM	Above 3 years RM	Total RM
2022				
Financial assets :				
- Financial assets at FVTPL	3,832,750	-	-	3,832,750
- Financial assets at FVTOCI	-	992,840	6,487,844	7,480,684
- Deposits with licensed financial institution	800,362	-	-	800,362
- Other assets	714,468	-	-	714,468
Total undiscounted financial assets	5,347,580	992,840	6,487,844	12,828,264
Non-financial asset	1,096	-	-	1,096
Total assets	5,348,676	992,840	6,487,844	12,829,360

20. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(c) Liquidity Risk (Cont'd.)**

2022 (Cont'd.)	1 month - 3 months RM	4 months - 3 years RM	Above 3 years RM	Total RM
Financial liabilities				
- Other liabilities	26,548	-	-	26,548
Total undiscounted financial liabilities	26,548	-	-	26,548
Non-financial liabilities	-	-	-	-
Total liabilities	26,548	-	-	26,548
Unitholders' NAV	5,322,128	992,840	6,487,844	12,802,812
Liquidity gap	-	-	-	-

(d) Stock Specific Risk

The Fund is exposed to the individual risk of the respective companies issuing securities which includes changes to the business performance of the company, consumer tastes and demand, lawsuits and management practices. This risk is minimised through the well diversified nature of the Fund.

(e) Single Issuer Risk

The Fund's exposure to securities issued by any issuer is limited to not more than a certain percentage of its net asset value. Under such restriction, the risk exposure to the securities of any issuer is minimised.

(f) Capital Management

The capital is represented by unitholders' subscription to the Fund. The amount of capital can change significantly on a daily basis as the Fund is subject to a daily redemption and subscription at the discretion of unitholders. The Manager manages the Fund's capital with the objective of maximising unitholders' value, while maintaining sufficient liquidity to meet unitholders' redemption as explained in Note 20(c) above.

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF PHEIM ASIA EX-JAPAN FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 December 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Pheim Unit Trusts Berhad has operated and managed the Fund during the financial year covered by these financial statements in accordance with the following:

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

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

For **Maybank Trustees Berhad**
[Company No. : 196301000109 (5004-P)]

NORHAZLIANA BINTI MOHAMMED HASHIM
Head, Unit Trust and Corporate Operations

Kuala Lumpur, Malaysia

Date : 21 February 2024

STATEMENT BY MANAGER TO THE UNITHOLDERS OF PHEIM ASIA EX-JAPAN FUND

We, Teh Song Lai and Hoi Weng Kong, being two of the directors (alternate director and director respectively) of Pheim Unit Trusts Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements of Pheim Asia Ex-Japan Fund are drawn up in accordance with the Deeds, Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission Malaysia's Guidelines on Unit Trust Funds so as to give a true and fair view of the financial position of Pheim Asia Ex-Japan Fund as at 31 December 2023 and of its financial performance and cash flows for the financial year then ended.

On behalf of the Manager,
PHEIM UNIT TRUSTS BERHAD

TEH SONG LAI
Alternate Director to Dr. Tan Chong Koay

HOI WENG KONG
Director

Kuala Lumpur, Malaysia

Date : 21 February 2024

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF PHEIM ASIA EX-JAPAN FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PHEIM ASIA EX-JAPAN FUND ("the Fund"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in net asset value attributable to unitholders and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 164 to 191.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission Malaysia's *Guidelines on Unit Trust Funds*.

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, PHEIM UNIT TRUSTS BERHAD, is responsible for the other information. The other information comprises the information on the Fund together with the Manager's Report included in the Annual Report of the Fund but does not include the financial statements of the Fund and our auditors' report thereon.

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

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

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

Responsibilities of the Manager and Trustee for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission Malaysia's *Guidelines on Unit Trust Funds*. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable the preparation of financial statements that are true and fair.

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 have 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 skepticism throughout the audit. We also :-

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

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd.)

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements 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 unitholders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

FOLKS DFK & CO.

NO. : AF 0502

CHARTERED ACCOUNTANTS

Kuala Lumpur

Date : 21 February 2024

SAM SIOW CHENG

NO. : 03306/06/2025 J

CHARTERED ACCOUNTANT

**PHEIM ASIA EX-JAPAN FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	2023 RM	2022 RM
INVESTMENT INCOME/(LOSS)			
Gross dividend income		167,011	253,115
Interest income from deposits with a licensed financial institution		6,073	8,740
Net loss on financial assets at fair value through profit or loss ("FVTPL")	7(a)	(73,967)	(1,379,290)
Net realised loss on foreign exchange		(2,117)	(739)
		<u>97,000</u>	<u>(1,118,174)</u>
EXPENSES			
Manager's fee	4	107,773	128,576
Trustee's fee	5	15,000	15,485
Auditor's remuneration		8,500	8,000
Tax agent's fee		3,000	3,000
Brokerage fee and transaction costs		6,462	13,316
Administrative expenses		28,274	23,041
		<u>169,009</u>	<u>191,418</u>
Net loss before taxation		(72,009)	(1,309,592)
Taxation	6	(26,827)	(41,439)
Net loss after taxation, representing total comprehensive loss for the financial year		<u>(98,836)</u>	<u>(1,351,031)</u>
Net loss after taxation is made up of the following:			
Net realised (loss)/income		(526,779)	319,837
Net unrealised income/(loss)		427,943	(1,670,868)
		<u>(98,836)</u>	<u>(1,351,031)</u>
Distribution for the financial year:			
Net distribution	10	279,824	409,972
Net distribution per unit (sen)	10	4.00	5.00
Gross distribution per unit (sen)	10	4.00	5.00

The accompanying notes form an integral part of the financial statements.

**PHEIM ASIA EX-JAPAN FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Note	2023 RM	2022 RM
ASSETS			
Investments	7	5,724,580	6,939,100
Deposit with a licensed financial institution	8	300,370	-
Amount due from brokers		18,505	18,506
Other receivables		12,131	11,398
Tax recoverable		22,161	-
Cash at bank		298,002	389,063
TOTAL ASSETS		<u>6,375,749</u>	<u>7,358,067</u>
LIABILITIES			
Amount due to Manager	9	9,259	10,294
Amount due to Trustee		1,804	1,803
Other payables and accruals		16,168	12,437
Tax payable		-	2,462
TOTAL LIABILITIES		<u>27,231</u>	<u>26,996</u>
NET ASSET VALUE OF THE FUND		<u>6,348,518</u>	<u>7,331,071</u>
EQUITY			
Unitholders' capital	11(a)	6,409,561	7,013,454
(Accumulated losses)/Retained earnings	11	<u>(61,043)</u>	<u>317,617</u>
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (TOTAL EQUITY)	11	<u>6,348,518</u>	<u>7,331,071</u>
UNITS IN CIRCULATION	11 (a)	<u>6,411,053</u>	<u>6,999,357</u>
NET ASSET VALUE ("NAV") PER UNIT	12	<u>0.9902</u>	<u>1.0474</u>

The accompanying notes form an integral part of the financial statements.

PHEIM ASIA EX-JAPAN FUND
STATEMENT OF CHANGES IN NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Unitholders' capital RM	Retained earnings/ (Accumulated losses) RM	Total equity RM
Balance at 1 January 2022	8,311,466	2,078,620	10,390,086
Net loss for the financial year representing total comprehensive loss for the financial year	-	(1,351,031)	(1,351,031)
Creation of units	468,061	-	468,061
Cancellation of units	(1,282,899)	-	(1,282,899)
Distribution equalisation	(483,174)	-	(483,174)
Income distribution (Note 10)	-	(409,972)	(409,972)
Total transactions with unitholders	(1,298,012)	(409,972)	(1,707,984)
Balance at 31 December 2022	7,013,454	317,617	7,331,071
Net loss for the financial year representing total comprehensive loss for the financial year	-	(98,836)	(98,836)
Creation of units	471,330	-	471,330
Cancellation of units	(1,067,572)	-	(1,067,572)
Distribution equalisation	(7,651)	-	(7,651)
Income distribution (Note 10)	-	(279,824)	(279,824)
Total transactions with unitholders	(603,893)	(279,824)	(883,717)
Balance at 31 December 2023	6,409,561	(61,043)	6,348,518

The accompanying notes form an integral part of the financial statements.

**PHEIM ASIA EX-JAPAN FUND
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	2,801,862	3,898,001
Purchase of investments	(1,659,584)	(3,237,358)
Dividends received	152,075	233,334
Interest received	93,970	8,779
Management fee paid	(108,823)	(132,448)
Trustee's fee paid	(15,000)	(15,699)
Payment for other fees and expenses	(34,520)	(31,406)
Tax paid	(40,898)	(23,538)
Net cash from operating and investing activities	<u>1,189,082</u>	<u>699,665</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	194,857	82,997
Payment for cancellation of units	(1,170,470)	(1,788,876)
Distribution paid	(4,160)	(101)
Net cash used in financing activities	<u>(979,773)</u>	<u>(1,705,980)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	209,309	(1,006,315)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>389,063</u>	<u>1,395,378</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>598,372</u>	<u>389,063</u>
Cash and cash equivalents comprise the following :		
Deposits with licensed financial institutions (Note 8)	300,370	-
Cash at bank	298,002	389,063
	<u>598,372</u>	<u>389,063</u>

The accompanying notes form an integral part of the financial statements.

**PHEIM ASIA EX-JAPAN FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Pheim Asia Ex-Japan Fund ("the Fund") was constituted pursuant to a Deed dated 26 May 2006 as amended by the Supplemental Deed dated 3 December 2008, a Second Supplemental Master Deed dated 30 April 2015 and the Third Supplemental Master Deed dated 10 January 2023 (collectively referred to as "the Deeds") made between Pheim Unit Trusts Berhad ("the Manager") and Maybank Trustees Berhad ("the Trustee").

The objective of the Fund is to achieve capital appreciation over a long-term period by investing primarily in Asian markets excluding Japan. The Fund is to invest in "Permitted Investments" in accordance with the Deeds comprising :

- (a) Securities in Malaysia and countries in the Asia Pacific region excluding Japan;
- (b) Securities and liquid assets in foreign markets that are permitted by the SC;
- (c) Corporate bonds and bonds, which include foreign debt securities traded on eligible markets and approved stock exchanges;
- (d) Unlisted securities which are offered directly to the Fund;
- (e) Malaysian government securities, treasury bills, Bank Negara Malaysia bills, Cagamas notes/ bonds, commercial papers, medium term notes;
- (f) Bankers' acceptances, negotiable certificates of deposits and other tradable money market instruments in the money market, both local and foreign;
- (g) Deposits and placement of money at call, both local and foreign, with financial institutions and/or other institutions licenced or approved to accept deposits;
- (h) Units or shares of other collective investments schemes both local and foreign;
- (i) Foreign exchange spot, forward and other financial derivatives (for hedging purposes only) including future contracts but excluding futures options, both local and foreign.
- (j) Convertible loan stocks and exchangeable bonds traded on eligible market, both local and foreign;
- (k) Any other form of investments as may be agreed upon by the Manager and the Trustee from time to time; and
- (l) Any other form of investments as may be permitted by the SC from time to time.

The Fund commenced operations on 30 June 2006 and will continue its operations until terminated by the Trustee as provided under Part 12 of the Deed.

The Manager, Pheim Unit Trusts Berhad, is a public limited company incorporated in Malaysia. It is a wholly owned subsidiary of Pheim Asset Management Sdn Bhd, a private company incorporated in Malaysia. Its principal activity is the management of unit trust funds. Pheim Asset Management Sdn Bhd has been appointed by the Manager as the External Investment Manager of the Fund with the responsibility for providing investment management services to the Fund.

The principal place of business of the Fund is located at 7th Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur.

The financial statements are presented in Ringgit Malaysia (RM).

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with the resolution of the directors on 21 February 2024.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Securities Commission *Malaysia's Guidelines on Unit Trust Funds*.

2.2 Basis of Measurement

The financial statements of the Fund are prepared under the historical cost convention except for equity financial assets that have been measured at fair value.

2.3 Application of New MFRS and Amendments to MFRSs That Are Effective on 1 January 2023

During the financial year, the Fund has applied certain new MFRS and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which became effective for annual accounting period beginning on 1 January 2023. The initial application of those new MFRS and amendments to MFRSs has no impact on the financial statements of the Fund, other than as explained below.

Amendments to MFRS 101 and MFRS Practice Statement 2 - Disclosure of Accounting Policies

The Fund adopted the Amendments from 1 January 2023. The Amendments changed the requirements in MFRS 101 to disclose 'material accounting policy information' rather than 'significant accounting policies' and must be of entity-specific. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The Amendments have also added guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Amendments have had an impact on the disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

2.4 Amendments to MFRSs That Are In Issue But Not Yet Effective and Have Not Been Early Adopted

A number of amendments to MFRSs issued by the MASB which are effective for annual accounting periods beginning after 1 January 2023 have not been early adopted by the Fund. None of these amendments to MFRSs are expected to have material effect on the financial statements of the Fund in the period of initial application.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below are consistent with those applied by the Fund in the previous financial year.

3.1 Financial Assets

Financial assets are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instruments. Regular way of purchase and sale of investments in financial instruments are recognised on trade dates, i.e. the date on which the Fund commits to purchase or sell the investments. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs, for investments not at fair value through profit or loss. Transaction costs for investments carried at fair value through profit or loss are charged to profit or loss.

Subsequent to initial recognition, financial assets are measured in accordance with their classification on initial recognition.

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

3.1 Financial Assets (Cont'd.)

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

The Fund determines the classification of its financial assets at initial recognition into the following categories for subsequent measurement depending on both its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(a) Financial assets at amortised cost

Financial assets which are debt instruments are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund's financial assets at amortised cost comprised amounts due from brokers, other receivables, deposit with a licensed financial institution and cash at bank.

Subsequent to initial recognition, the debt instruments are measured at amortised cost using the effective interest method less any allowance for impairment. Gains or losses are recognised in profit or loss when the debt instruments are derecognised or impaired, and through the amortisation process.

(b) Financial assets at fair value through profit or loss ("FVTPL")

The Fund's financial assets at FVTPL comprised equity investments and debt instruments which are held under a business model to manage and evaluate their performance on a fair value basis.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value with changes in fair value recognised in profit or loss and presented as "Net gain or loss on financial assets at FVTPL". Interest and dividend earned from such instruments are recognised and presented separately as "Interest income" and "Gross dividend income", respectively in profit or loss. Foreign exchange differences on financial assets at FVTPL are not recognised separately in profit and loss but included in net gains or net losses on changes in fair value of financial assets at FVTPL.

3.2 Impairment of Financial Assets at Amortised Cost

Expected credit losses ("ECLs") on financial assets of this category and with maturities of less than 12 months are measured using the simplified approach under MFRS 9 for trade receivables with no financing component. Under this approach, the Fund does not track changes in credit risk of the receivables and recognises a loss allowance based on their lifetime ECLs at the reporting date. The amount of expected credit losses (or reversals) required to arrive at the loss allowance is recognised as an impairment loss or gain in profit or loss. The cumulative loss allowance recognised is set off against the gross carrying amount of the financial assets at the reporting date.

3.3 Classification of Realised and Unrealised Gain and Losses

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

Realised gains and losses on disposals of financial instruments classified as part of "at fair value through profit or loss" are calculated using weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payment or receipts made of Shariah-compliant derivative contracts (excluding payments or receipts on collateral margin accounts for such investments).

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

3.4 Financial Liabilities

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 instruments. All financial liabilities are recognised initially at fair value, minus directly attributable transaction costs in the case of financial liabilities not at FVTPL.

Financial liabilities are classified at initial recognition according to the substance of the contractual arrangements entered into and the definition of a financial liability.

The Fund's financial liabilities which include amounts due to Trustee, Manager, other payables and accruals are classified as subsequently measured at amortised cost using the effective interest method. The Fund does not have financial liabilities classified as at FVTPL.

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

3.5 Fair Value Measurement

For financial assets at FVTPL that require fair value measurement, the Fund establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active markets and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or, in the absence of a principal market, the most advantageous market for the asset; and for which the Fund can enter into a transaction for the asset at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from the marketplace that are observable for substantially the full term of the asset.

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

3.6 Foreign Currencies

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 also the Fund's functional currency.

In preparing the financial statements, transactions in currencies other than the Fund's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the end of the reporting period. Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising from the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in equity. Exchange differences arising from such non-monetary items are recognised directly to equity.

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

3.7 Unitholders' Capital

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments under MFRS 132.

Distribution equalisation represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

3.8 Income Distribution

Income distributions are at the discretion of the Manager. Income distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as deduction from unitholders' capital.

3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and deposit with a financial institution which has insignificant risk of changes in value.

3.10 Income Recognition

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

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

Interest income is recognised using effective interest method.

3.11 Income Tax

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

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

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

3.12 Segment Reporting

For management purposes, the Fund is managed under 2 main portfolios, namely (1) equity securities; and (2) fixed income instruments. Each segment engages in separate business activities and the operating results are regularly reviewed by the Manager, External Investment Manager and the Fund's Investment Committee. The External Investment Manager and the Fund Investment Committee jointly assumes the role of chief operation decision maker, for performance assessment purposes and to make decision about resources allocated to each investment segment.

3.13 Significant Accounting Estimates and Judgements

The preparation of financial statements in accordance with MFRS and IFRS requires the use of certain accounting estimates and exercise of judgements. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

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

4. MANAGER'S FEE

The Manager is entitled to an annual management fee of 1.50% (2022 : 1.50%) per annum of the NAV of the Fund (before deducting the Manager's and Trustee's fees for the day) calculated and accrued on a daily basis.

5. TRUSTEE'S FEE

The Trustee is entitled to a fee of 0.055% (2022 : 0.055%) per annum of the NAV of the Fund (before deducting the Manager's and Trustee's fees for the day) calculated and accrued on a daily basis, subject to a minimum of RM15,000 (2022 : RM15,000) per annum.

6. TAXATION

	2023	2022
	RM	RM
Malaysian income tax :		
- Current financial year	26,000	26,000
- Income tax over provided in prior financial year	(9,798)	-
Foreign income tax	10,625	15,439
	<u>26,827</u>	<u>41,439</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable net income for the financial year.

With effect from 1 January 2022, income derived from sources outside Malaysia and received by the Fund in Malaysia will be subject to the Malaysian income tax pursuant to the Income Tax Act 1967.

The tax charge for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. A reconciliation of tax expense applicable to the net loss before taxation at the statutory tax rate to tax expense at the effective tax rate of the Fund is as follows :

	2023	2022
	RM	RM
Net loss before taxation	<u>(72,009)</u>	<u>(1,309,592)</u>
Taxation at the Malaysian statutory rate of 24% (2022 : 24%)	(17,282)	(314,302)
Tax effects in respect of :		
Income not subject to tax	(116,007)	(89,791)
Loss disregarded for tax purposes	120,967	401,186
Expenses not deductible for tax purposes	13,168	12,973
Restriction on tax deductible expenses for unit trust funds	25,154	29,542
Foreign income tax	10,625	15,439
Income tax over provided in prior financial year	(9,798)	-
Tax savings on different tax rate	-	(13,608)
Tax expenses	<u>26,827</u>	<u>41,439</u>

7. INVESTMENTS

	2023	2022
	RM	RM
Financial assets at fair value through profit or loss ("FVTPL")		
Quoted equities :		
- in Malaysia	2,228,645	2,182,997
- outside Malaysia	3,287,249	4,559,153
	5,515,894	6,742,150
Unquoted convertible loan stock outside Malaysia	208,686	196,950
	<u>5,724,580</u>	<u>6,939,100</u>

7. INVESTMENTS (CONT'D.)

Financial assets at fair value through profit or loss ("FVTPL") (Cont'd.)

(a) Net loss on financial assets at FVTPL for the financial year comprised the following :

	2023	2022
	RM	RM
Realised (loss)/gain on disposals	(501,910)	291,578
Unrealised gain/(loss) on changes in fair value	<u>427,943</u>	<u>(1,670,868)</u>
As presented on the statement of comprehensive income	<u>(73,967)</u>	<u>(1,379,290)</u>

(b) The currency exposure profile of financial assets at FVTPL is as follows :

	2023	2022
	RM	RM
Ringgit Malaysia	2,228,645	2,182,997
Hong Kong Dollar	1,323,407	1,870,355
Indonesian Rupiah	402,888	517,686
South Korean Won	151,050	78,678
Thai Baht	63,088	43,340
Philippines Peso	400,740	690,168
Singapore Dollar	785,394	1,197,198
Australian Dollar	<u>369,368</u>	<u>358,678</u>
	<u>5,724,580</u>	<u>6,939,100</u>

(c) Financial assets at FVTPL as at financial year end

2023				Fair value as a percentage of NAV
Name of Counter	Quantity held	Cost RM	Fair value RM	
QUOTED EQUITIES IN MALAYSIA				
Main Market / ACE Market				
Construction				
Advancecon Holdings Berhad	50,000	16,500	14,250	0.22%
Gadang Holdings Berhad	112,000	125,205	37,520	0.59%
Gabungan AQRS Berhad	166,900	107,774	55,077	0.87%
Muhibbah Engineering (M) Berhad	<u>69,150</u>	<u>74,464</u>	<u>53,591</u>	<u>0.84%</u>
	<u>398,050</u>	<u>323,943</u>	<u>160,438</u>	<u>2.52%</u>
Consumer products and services				
DXN Holdings Berhad	193,800	135,660	123,063	1.94%
Guan Chong Berhad	55,000	142,490	100,650	1.59%
Able Global Berhad	54,100	62,971	81,150	1.28%
Kawan Food Berhad	43,500	89,085	78,300	1.23%
NTPM Holdings Berhad	122,800	91,891	46,664	0.74%
Senheng New Retail Berhad	152,800	147,696	50,424	0.79%
Teo Seng Capital Bhd	<u>19,000</u>	<u>29,905</u>	<u>30,400</u>	<u>0.48%</u>
	<u>641,000</u>	<u>699,698</u>	<u>510,651</u>	<u>8.05%</u>
Energy				
Hibiscus Petroleum Berhad	<u>60,133</u>	<u>58,244</u>	<u>152,738</u>	<u>2.41%</u>

7. INVESTMENTS (CONT'D.)

Financial assets at fair value through profit or loss ("FVTPL") (Cont'd.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2023 (Cont'd.)

Name of Counter	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
QUOTED EQUITIES IN MALAYSIA (CONT'D.)				
Main Market / ACE Market (Cont'd.)				
Financial Services				
Hong Leong Capital	15,000	75,000	68,250	1.08%
Healthcare				
Supercomnet Technologies Berhad	58,000	90,404	70,760	1.11%
Industrial Product				
Cahaya Mata Sarawak Bhd	169,700	361,319	183,276	2.89%
Globaltec Formation Berhad	129,000	76,755	77,400	1.22%
HIL Industries Berhad	115,300	115,300	109,535	1.73%
Lotte Chemical Titan Holding Bhd	53,400	144,343	72,090	1.14%
SKP Resources Berhad	49,100	73,545	38,789	0.61%
United U-Li Corporation Berhad	33,500	52,001	51,255	0.81%
	<u>550,000</u>	<u>823,263</u>	<u>532,345</u>	<u>8.40%</u>
Plantations				
Sarawak Oil Palms Berhad	9,600	33,625	24,864	0.39%
TSH Resources Berhad	49,300	58,372	48,068	0.76%
	<u>58,900</u>	<u>91,997</u>	<u>72,932</u>	<u>1.15%</u>
Property				
Skyworld Development Berhad	68,400	54,720	37,620	0.59%
Technology				
Greatech Technology Bhd	7,700	53,900	36,960	0.58%
Globetronics Technology Berhad	85,500	172,672	138,510	2.18%
Inari Amertron Berhad	22,500	65,700	67,725	1.07%
Kronologi Asia Berhad	668,280	386,412	263,971	4.16%
Kronologi Asia Berhad - Warrants	111,380	-	17,264	0.27%
Securemetric Berhad	300,000	75,000	43,500	0.69%
	<u>1,195,360</u>	<u>753,684</u>	<u>567,930</u>	<u>8.95%</u>
Utilities				
Mega First Corporation Berhad	14,900	44,356	54,981	0.87%
TOTAL QUOTED EQUITIES IN MALAYSIA				
	<u>3,059,743</u>	<u>3,015,309</u>	<u>2,228,645</u>	<u>35.13%</u>

7. INVESTMENTS (CONT'D.)

Financial assets at fair value through profit or loss ("FVTPL") (Cont'd.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2023 (Cont'd.)

Name of Counter	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
QUOTED EQUITIES OUTSIDE MALAYSIA				
Australia Stock Exchange ("ASX")				
EQ Resources Limited	1,380,900	253,854	246,052	3.88%
NuEnergy Gas Limited	1,195,409	143,044	123,316	1.94%
	<u>2,576,309</u>	<u>396,898</u>	<u>369,368</u>	<u>5.82%</u>
Hong Kong Stock Exchange ("HKSE")				
Alibaba Group Holding Ltd	500	58,064	22,230	0.35%
Agricultural Bank China	31,000	48,007	54,876	0.86%
A-Living Smart City Services Co Ltd	11,250	103,338	23,686	0.37%
AAC Technologies Holdings Inc	7,000	126,143	95,507	1.50%
Asia Cement Holdings Corporation	23,000	83,937	33,004	0.52%
Bank Of China Ltd	39,000	28,749	68,349	1.08%
China Constructions Bank Corp	22,000	71,853	60,163	0.95%
China Merchants Bank	3,000	63,516	47,989	0.76%
China Modern Dairy Holdings Ltd	278,900	186,282	121,376	1.91%
China Taiping Insurance Holdings	16,000	152,437	63,233	1.00%
China Yuhua Education Coproration Ltd	56,000	108,575	18,113	0.29%
Essex Bio-Technology Ltd	74,900	201,736	109,681	1.73%
Geely Automobile Holdings Ltd	18,000	115,299	90,932	1.43%
Guangdong Kanghua Healthcare Co Ltd	40,400	120,999	46,568	0.73%
Hua Han Health Industry Holdings Limited (<i>Note i</i>)	584,000	444,770	-	0.00%
JD.COM Inc	619	84,956	40,954	0.65%
Meituan	20	-	963	0.02%
Nameson Holdings Ltd	369,000	190,244	108,504	1.71%
New China Life Insurance Co Ltd	7,000	121,953	62,656	0.99%
Real Gold Mining Ltd (<i>Note ii</i>)	191,000	-	-	0.00%
Tongda Group Holdings Ltd	960,000	71,809	58,151	0.92%
UMP Healthcare Holdings Ltd	175,322	160,080	60,833	0.96%
Xinyi Solar Holdings Ltd	15,000	111,269	40,226	0.63%
Xiaomi Corporation	10,400	74,445	95,413	1.50%
	<u>2,933,311</u>	<u>2,728,461</u>	<u>1,323,407</u>	<u>20.86%</u>
Jakarta Stock Exchange ("JSX")				
PT Erajaya Swasembada Tbk	673,900	109,155	85,665	1.35%
PT Bank Syariah Indonesia Tbk	138,900	52,547	72,119	1.14%
PT Surya Pertiwi Tbk	26	8	4	0.00%
PT Surya Toto Indonesia Tbk	470,000	63,563	31,977	0.50%
PT Solusi Sinergi Digital Tbk	750,000	196,245	34,465	0.54%
PT Wijaya Karya Bangunan Gedung Tbk	1,800,000	101,606	42,970	0.68%
PT Wir Asia Tbk	3,219,000	141,205	103,739	1.63%
PT Ramayana Lestari Sentosa Tbk	207,900	53,137	31,949	0.50%
	<u>7,259,726</u>	<u>717,466</u>	<u>402,888</u>	<u>6.34%</u>

7. INVESTMENTS (CONT'D.)

Financial assets at fair value through profit or loss ("FVTPL") (Cont'd.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2023 (Cont'd.)

Name of Counter	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
QUOTED EQUITIES OUTSIDE MALAYSIA (CONT'D.)				
Korea Stock Exchange ("KE")				
SK Hynix	300	130,833	151,050	2.38%
Philippines Stock Exchange ("PSE")				
Ayala Land Inc	35,400	107,153	101,221	1.59%
Converge Information and Communications Technology Solutions, Inc.	49,000	79,108	34,081	0.54%
Global Ferronickel Holdings Inc	469,100	106,509	80,207	1.26%
Security Bank Corporation	19,700	175,503	116,910	1.84%
PureGold Price Club Inc	30,600	108,347	68,321	1.08%
	603,800	576,620	400,740	6.31%
Stock Exchange of Thailand ("SET")				
Sino Thai Engineering & Construction Public Company Limited	25,000	65,345	28,137	0.44%
TBN Corporation Public Company Limited	18,500	35,925	34,951	0.55%
	43,500	101,270	63,088	0.99%
Singapore Stock Exchange ("SGX")				
Ayondo Limited (Note iii)	550,000	427,785	-	0.00%
Fibrechem Technologies Ltd (Note iv)	522,000	-	-	0.00%
Fortress Minerals Ltd	64,800	60,483	68,741	1.08%
Alpina Holding Limited	98,000	95,302	62,376	0.98%
Grand Venture Technology Limited	45,800	159,936	86,817	1.37%
IWOW Technology Limited	52,000	40,619	39,789	0.63%
Q & M Dental Group (Singapore) Limited	94,500	149,416	83,814	1.32%
Sino Techfibre Ltd (Note v)	834,000	-	-	0.00%
Serial System Ltd	364,400	145,199	69,708	1.10%
Trans-China Automotive Holdings Limited	199,300	142,330	76,250	1.20%
Mooreast Holdings Ltd	171,000	116,697	89,213	1.41%
	2,995,800	1,337,767	576,708	9.09%
TOTAL QUOTED EQUITIES OUTSIDE MALAYSIA	16,412,746	5,989,315	3,287,249	51.79%
UNQUOTED CONVERTIBLE LOAN STOCK OUTSIDE MALAYSIA				
Singapore Institute of Advanced Medicine Holdings Pte. Ltd. (Note vi)	60,000	192,720	208,686	3.29%
TOTAL FINANCIAL ASSETS AT FVTPL	19,532,489	9,197,344	5,724,580	90.21%
SHORTFALL OF FAIR VALUE OVER COST			(3,472,764)	

7. INVESTMENTS (CONT'D.)

Financial assets at fair value through profit or loss ("FVTPL") (Cont'd.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

Name of Counter	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
2022				
QUOTED EQUITIES IN MALAYSIA				
Main Market / ACE Market				
Construction				
Advancecon Holdings Berhad	50,000	16,437	12,500	0.17%
Gabungan AQRS Berhad	166,900	108,121	43,394	0.59%
Gadang Holdings Berhad	112,000	125,669	35,840	0.49%
Muhibbah Engineering (M) Berhad	349,150	376,734	174,575	2.38%
	<u>678,050</u>	<u>626,961</u>	<u>266,309</u>	<u>3.63%</u>
Consumer products and services				
Able Global Berhad	54,100	66,033	73,035	1.00%
Kawan Food Berhad	43,500	89,379	96,570	1.32%
NTPM Holdings Berhad	122,800	92,114	57,102	0.78%
Senheng New Retail Berhad	152,800	147,696	92,444	1.26%
Teo Seng Capital Bhd	38,000	51,207	28,310	0.39%
	<u>411,200</u>	<u>446,429</u>	<u>347,461</u>	<u>4.75%</u>
Energy				
Hibiscus Petroleum Berhad	255,033	271,326	272,885	3.72%
Perdana Petroleum Berhad	588,800	54,159	73,600	1.00%
	<u>843,833</u>	<u>325,485</u>	<u>346,485</u>	<u>4.72%</u>
Healthcare				
Supercomnet Technologies Berhad	58,000	90,404	91,060	1.24%
Industrial Product				
Cahaya Mata Sarawak Bhd	169,700	261,683	181,579	2.48%
HIL Industries Berhad	11,900	115,300	3,570	0.05%
L&P Global Berhad	53,400	3,570	75,828	1.03%
Lotte Chemical Titan Holding Bhd	115,300	144,860	123,371	1.68%
PESTECH International Bhd	68,575	46,117	21,258	0.29%
PESTECH International Bhd - Warrants	6,857	-	926	0.01%
Seng Fong Holdings Berhad	58,600	43,950	41,020	0.56%
SKP Resources Berhad	49,100	73,609	79,051	1.08%
United U-Li Corporation Berhad	55,500	86,465	66,600	0.91%
	<u>588,932</u>	<u>775,554</u>	<u>593,203</u>	<u>8.09%</u>
Plantations				
Kuala Lumpur Kepong Berhad	1,300	27,707	29,068	0.40%
Sarawak Oil Palms Bhd	9,600	25,019	24,960	0.34%
TSH Resources Bhd	49,300	58,558	52,751	0.72%
	<u>60,200</u>	<u>111,284</u>	<u>106,779</u>	<u>1.46%</u>
Real Estate Investment Trusts				
Ame Real Estate Investment Trust	22,600	25,538	26,442	0.36%

7. INVESTMENTS (CONT'D.)

Financial assets at fair value through profit or loss ("FVTPL") (Cont'd.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2022 (Cont'd.)

Name of Counter	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
QUOTED EQUITIES IN MALAYSIA (CONT'D.)				
Main Market / ACE Market (Cont'd.)				
Technology (Cont'd.)				
Globetronics Technology Berhad	85,500	173,255	99,180	1.35%
Greatech Technology Bhd	7,700	54,084	37,268	0.51%
Kronologi Asia Berhad	392,900	251,561	188,592	2.57%
Securemetric Berhad	300,000	75,276	30,000	0.41%
Securemetric Berhad - Warrants	150,000	-	750	0.01%
	<u>936,100</u>	<u>554,176</u>	<u>355,790</u>	<u>4.85%</u>
Utilities				
Mega First Corporation Berhad	14,900	38,578	49,468	0.67%
	<u>3,613,815</u>	<u>2,994,409</u>	<u>2,182,997</u>	<u>29.77%</u>
QUOTED EQUITIES OUTSIDE MALAYSIA				
Australia Stock Exchange ("ASX")				
EQ Resources Limited	2,498,396	458,318	358,678	4.89%
Hong Kong Stock Exchange ("HKSE")				
AAC Technologies Holdings Inc	3,500	93,162	35,272	0.48%
Agricultural Bank China	62,000	96,015	93,864	1.28%
Alibaba Group Holding Ltd	500	58,272	24,361	0.33%
A-Living Smart City Services Co Ltd	11,250	103,338	59,802	0.82%
Asia Cement Holdings Corporation	23,000	84,237	47,813	0.65%
Bank Of China Ltd	60,000	96,753	96,259	1.31%
China CITIC Bank Corp	49,000	71,697	95,773	1.31%
China Constructions Bank Corp	22,000	97,527	60,772	0.83%
China Lilang Ltd	67,000	178,259	142,310	1.94%
China Modern Dairy Holdings Ltd	278,900	213,396	155,975	2.13%
China Taiping Insurance Co	16,000	152,874	87,853	1.20%
China Yuhua Education Corporation Ltd	56,000	108,996	35,114	0.48%
Essex Bio-Technology Ltd	74,900	201,842	177,706	2.42%
Geely Automobile Holdings Ltd	18,000	115,299	115,917	1.58%
Guangdong Kanghua Healthcare Co Ltd	40,400	121,432	41,080	0.56%
Hua Han Health Industry Holdings Limited (Note i)	584,000	436,102	-	0.00%
JD.COM Inc	619	84,388	76,998	1.05%
Nameson Holdings Ltd	369,000	166,914	102,140	1.39%
New China Life Insurance Co Ltd	7,000	122,332	75,527	1.03%
Prudential PLC	1,300	77,280	80,560	1.10%
Real Gold Mining Ltd (Note ii)	191,000	-	-	0.00%
Tencent Holdings Ltd	200	35,371	37,735	0.51%
UMP Healthcare Holdings Ltd	175,322	164,010	79,232	1.08%
Wanka Online Inc	202,000	189,215	40,509	0.55%

7. INVESTMENTS (CONT'D.)

Financial assets at fair value through profit or loss ("FVTPL") (Cont'd.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2022 (Cont'd.)

Name of Counter	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
QUOTED EQUITIES OUTSIDE MALAYSIA (CONT'D.)				
Hong Kong Stock Exchange ("HKSE")				
Xin Point Holdings Ltd	27,200	111,667	34,572	0.47%
Xinyi Solar Holdings Ltd	15,000	51,038	73,211	1.00%
	<u>2,355,091</u>	<u>3,231,416</u>	<u>1,870,355</u>	<u>25.50%</u>
Jakarta Stock Exchange ("JSX")				
PT Erajaya Swasembada Tbk	673,900	109,156	74,813	1.02%
PT Integra Indocabinet Tbk	122,800	10,401	124,029	1.69%
PT Intiland Development Tbk	1,920,200	114,642	12,589	0.17%
PT Bank Syariah Indonesia Tbk	339,500	124,486	92,990	1.27%
PT Solusi Sinergi Digital Tbk	750,000	197,601	4	0.00%
PT Surya Pertiwi Tbk	26	7	40,197	0.55%
PT Surya Toto Indonesia Tbk	470,000	63,765	35,938	0.49%
PT Total Bangun Persada Tbk	470,000	125,805	27,612	0.38%
PT Ramayana Lestari Sentosa Tbk	207,900	53,365	75,954	1.04%
PT Wijaya Karya Bangunan Gedung Tbk	1,800,000	101,974	33,560	0.46%
	<u>6,754,326</u>	<u>901,202</u>	<u>517,686</u>	<u>7.07%</u>
Korea Stock Exchange ("KE")				
SK Hynix	300	130,833	78,678	1.07%
Philippines Stock Exchange ("PSE")				
Ayala Land Inc	35,400	107,464	86,353	1.18%
Converge Information and Communications Technology Solutions, Inc.	49,000	79,108	61,627	0.84%
Global Ferronickel Holdings Inc	669,100	152,372	133,012	1.81%
GT Capital Holdings Inc	2,750	99,563	94,743	1.29%
Metropolitan Bank and Trust	22,005	94,147	94,111	1.28%
PureGold Price Club Inc	30,600	108,672	84,581	1.15%
Security Bank Corporation	19,700	175,805	135,741	1.85%
	<u>828,555</u>	<u>817,131</u>	<u>690,168</u>	<u>9.40%</u>
Stock Exchange of Thailand ("SET")				
Sino Thai Engineering & Construction Public Company Limited	25,000	65,485	43,340	0.59%
Singapore Stock Exchange ("SGX")				
Alpina Holding Limited	98,000	95,303	49,861	0.68%
Ayondo Limited (Note iii)	550,000	432,062	-	0.00%
Best World International Limited	19,200	106,367	112,183	1.53%
Fibrechem Technologies Ltd (Note iv)	522,000	-	-	0.00%
Grand Venture Technology	45,800	160,322	75,921	1.04%
IWOW Technology Limited	52,000	40,619	42,673	0.58%

7. INVESTMENTS (CONT'D.)

Financial assets at fair value through profit or loss ("FVTPL") (Cont'd.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2022 (Cont'd.)	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
Name of Counter				
QUOTED EQUITIES OUTSIDE MALAYSIA				
Singapore Exchange ("SGX")				
iX Biopharma Ltd	416,000	404,151	176,152	2.40%
LHN Logistics	135,100	85,343	61,642	0.84%
Mooreast Holding Limited	171,000	117,946	90,932	1.24%
Q & M Dental	94,500	146,218	97,712	1.33%
Serial System Ltd	364,400	145,428	110,045	1.50%
Sino Techfibre Ltd (Note v)	834,000	-	-	0.00%
Trans-China Automotive Holdings Ltd	199,300	143,853	115,794	1.58%
Wilton Resources Corp Ltd	976,800	78,130	67,333	0.92%
	<u>4,478,100</u>	<u>1,955,742</u>	<u>1,000,248</u>	<u>13.64%</u>
TOTAL QUOTED EQUITIES OUTSIDE MALAYSIA	<u>16,939,768</u>	<u>7,560,127</u>	<u>4,559,153</u>	<u>62.16%</u>
UNQUOTED CONVERTIBLE LOAN STOCK OUTSIDE MALAYSIA				
Singapore Institute of Advanced Medicine Holdings Pte. Ltd. (Note vi)	<u>60,000</u>	<u>192,720</u>	<u>196,950</u>	<u>2.69%</u>
TOTAL FINANCIAL ASSETS AT FVTPL	<u>20,613,583</u>	<u>10,747,256</u>	<u>6,939,100</u>	<u>94.61%</u>
SHORTFALL OF FAIR VALUE OVER COST			<u>(3,808,156)</u>	

(i) **Hua Han Health Industry Holdings Limited**

These securities had been suspended since 27 September 2016 and subsequently delisted on 16 December 2020. There is no fair value for the said securities.

(ii) **Real Gold Mining Ltd**

These securities had been suspended since 27 May 2011 and subsequently delisted on 2 April 2020. There is no fair value for the said securities.

(iii) **Ayondo Limited**

These securities had been suspended since 30 January 2019 and subsequently delisted on 24 December 2021. There is no fair value for the said securities.

(iv) **Fibrechem Technologies Ltd**

These securities had been suspended since 25 February 2009 and subsequently delisted on 1 November 2018. There is no fair value for the said securities.

(v) **Sino Techfibre Ltd**

These securities had been suspended since 13 April 2011 and subsequently delisted on 14 February 2020. There is no fair value for the said securities.

(vi) **Singapore Institute of Advanced Medicine Holdings Pte. Ltd.**

The investment in unquoted convertible loan made by the Fund with Singapore Institute of Advanced Medicine Holdings Pte. Ltd. ("SIAMH") is convertible into ordinary shares upon the issuance of new ordinary shares pursuant to SIAMH's proposed initial public offering and listing on the Catalist Board of Singapore Stock Exchange Securities Trading Limited ("the Proposed Listing"). The Proposed Listing exercise has yet to be completed as at the date of approval of these financial statements.

8. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	2023 RM	2022 RM
Short-term deposit	300,370	-

The weighted average effective interest rate of the Fund's short-term deposit as at 31 December 2023 was 3% (2022 : NIL) and had an original maturity period of 4 days (2022 : NIL).

9. AMOUNT DUE TO MANAGER

	2023 RM	2022 RM
Amount due to Manager for management fee payable	9,259	10,294

10. INCOME DISTRIBUTION

Distribution to unitholders are from the following sources:

	2023 RM	2022 RM
Dividend income	11,767	122,992
Interest income from deposits with financial institutions	406	8,199
Net realised (loss)/gain from sale of investments	(8,952)	163,989
	<u>3,221</u>	<u>295,180</u>
Less:		
Expenses	(8,892)	(100,935)
Current financial year's realised income	(5,671)	194,245
Distribution out of previous financial year's realised income	285,495	215,727
Distribution for the financial year	<u>279,824</u>	<u>409,972</u>
Units in circulation at book closing date	6,995,895	8,199,438
Gross distribution per unit (sen)	4.00	5.00
Net distribution per unit (sen)	4.00	5.00
Date of distribution	<u>28.04.2023</u>	<u>22.04.2022</u>

11. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (TOTAL EQUITY)

	Note	2023 RM	2022 RM
Unitholders' capital	(a)	6,409,561	7,013,454
(Accumulated losses)/Retained earnings			
- Realised earnings	(b)	5,696,946	6,503,549
- Unrealised losses	(c)	(5,757,989)	(6,185,932)
		<u>(61,043)</u>	<u>317,617</u>
Total equity / Net asset value		<u>6,348,518</u>	<u>7,331,071</u>

(a) Unitholders' Capital

	2023		2022	
	Number of units	Value RM	Number of units	Value RM
Balance at beginning of the financial year	6,999,357	7,013,454	8,256,514	8,311,466
Add: Creation of units	439,067	471,330	422,033	468,061
Less: Cancellation of units	(1,027,371)	(1,067,572)	(1,679,190)	(1,282,899)
Distribution equalisation	-	(7,651)	-	(483,174)
Balance at end of the financial year	<u>6,411,053</u>	<u>6,409,561</u>	<u>6,999,357</u>	<u>7,013,454</u>

11. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (TOTAL EQUITY) (CONT'D.)**(b) Realised - Distributable**

	2023	2022
	RM	RM
Balance at the beginning of the financial year	6,503,549	6,593,684
Net loss after taxation	(98,836)	(1,351,031)
Net unrealised (gain)/loss attributable to investments		
held transferred to unrealised reserve	(427,943)	1,670,868
Distribution out of realised reserve	<u>(279,824)</u>	<u>(409,972)</u>
Balance at the end of the financial year	<u>5,696,946</u>	<u>6,503,549</u>

(c) Unrealised - Non-distributable

	2023	2022
	RM	RM
Balance at the beginning of the financial year	(6,185,932)	(4,515,064)
Net unrealised gain/(loss) attributable to investments		
held transferred from realised reserve	427,943	(1,670,868)
Balance at the end of the financial year	<u>(5,757,989)</u>	<u>(6,185,932)</u>

12. NET ASSET VALUE PER UNIT

Net asset value attributable to unitholders is classified as equity in the statement of financial position.

For the purpose of calculation of net asset value attributable to unitholders per unit, quoted financial assets in the financial statements are stated at the last done market price consistent with that used for issuance and redemption of units in accordance with the Deeds.

13. UNITS HELD BY RELATED PARTIES

	2023		2022	
	Number of units	Valued at NAV RM	Number of units	Valued at NAV RM
Director of the Manager #	1,589,933	1,574,351	11,999	12,568
Persons connected to a Director of the Manager #	<u>5,718</u>	<u>5,989</u>	<u>-</u>	<u>-</u>
	<u>1,595,651</u>	<u>1,580,340</u>	<u>11,999</u>	<u>12,568</u>

The Director and persons connected to the Director of the Manager are legal and beneficial owners of the units.

14. TRANSACTIONS WITH BROKERS

Details of transactions with stockbroking companies are as follows :

2023	Value of trade RM	Percentage of total trade	Brokerage fees RM	Percentage of total brokerage fees
CCB International Securities Limited	714,993	16.84%	1,787	16.93%
CIMB-GK Securities (Singapore) Pte Ltd	372,019	8.76%	588	5.57%
BRI Danareksa Sekuritas	341,432	8.04%	615	5.82%
Phillip Capital	313,928	7.39%	632	5.99%
CIMB-GK Securities (Indonesia)	278,242	6.55%	835	7.91%
Kenanga Investment Bank Berhad	229,211	5.40%	360	3.41%
Maybank ATR KIM ENG Securities Inc.	208,396	4.91%	521	4.93%
CLSA Securities Malaysia Sdn. Bhd	198,660	4.68%	1,987	18.82%
Hong Leong Investment Bank	140,124	3.30%	210	1.99%
UOB Kay Hian Securities	229,211	5.40%	277	2.62%
Others	1,219,603	28.73%	2,745	26.00%
	<u>4,245,817</u>	<u>100.00%</u>	<u>10,557</u>	<u>100.00%</u>

2022	Value of trade RM	Percentage of total trade	Brokerage fees RM	Percentage of total brokerage fees
CCB International Securities Limited	933,637	12.87%	2,334	15.89%
BRI Danareksa Sekuritas	696,160	9.59%	270	1.84%
Maybank Investment Bank Berhad	580,900	8.00%	1,164	7.93%
CIMB Investment Bank Berhad	493,663	6.80%	1,605	10.93%
Hong Leong Investment Bank	458,748	6.32%	657	4.47%
Asiasec Equities Inc	411,361	5.67%	1,028	7.00%
MIDF Amanah Investment Bank Berhad	408,351	5.63%	666	4.53%
UOB Kay Hian Securities (M) Sdn Bhd	298,715	4.12%	597	4.07%
CIMB-GK Hong Kong	286,545	3.95%	716	4.88%
CIMB-GK Securities Pte Limited	277,838	3.83%	527	3.59%
Others	2,411,027	33.22%	5,122	34.87%
	<u>7,256,945</u>	<u>100.00%</u>	<u>14,686</u>	<u>100.00%</u>

15. TOTAL EXPENSE RATIO

This is the ratio of the sum of the fees (inclusive of the manager, trustee, audit and other professional fees) and other administrative expenses of the Fund to the average NAV of the Fund calculated on a daily basis. The average NAV of the Fund for the financial year ended 31 December 2023 was RM7,184,833 (2022: RM8,591,916).

	2023	2022
Total expense ratio	<u>2.35%</u>	<u>2.23%</u>

16. PORTFOLIO TURNOVER RATIO

This is the ratio of the average of acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund for the year calculated on a daily basis.

	2023	2022
Portfolio turnover (times)	<u>0.31</u>	<u>0.42</u>

17. SEGMENT INFORMATION

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

- * A portfolio of equity instruments
- * A portfolio of fixed income portfolio, including debt securities and deposits with financial institutions

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

	Equity Portfolio RM	Fixed Income Portfolio RM	Total RM
2023			
Gross dividend income	167,011	-	167,011
Interest from deposit with licensed financial institution	-	6,073	6,073
Net loss on financial assets at FVTPL	(73,967)	-	(73,967)
Net realised loss on foreign exchange	(2,117)	-	(2,117)
Total segment operating income for the financial year	<u>90,927</u>	<u>6,073</u>	<u>97,000</u>
Financial assets at FVTPL	5,724,580	-	5,724,580
Deposit with a licensed financial institution	-	300,370	300,370
Other assets	30,611	25	30,636
Total segment assets	<u>5,755,191</u>	<u>300,395</u>	<u>6,055,586</u>
Total segment liabilities	<u>-</u>	<u>-</u>	<u>-</u>
2022			
Gross dividend income	253,115	-	253,115
Interest from deposit with licensed financial institution	-	8,740	8,740
Net loss on financial assets at FVTPL	(1,379,290)	-	(1,379,290)
Net realised loss on foreign exchange	(739)	-	(739)
Total segment operating loss for the financial year	<u>(1,126,914)</u>	<u>8,740</u>	<u>(1,118,174)</u>
Financial assets at FVTPL	6,939,100	-	6,939,100
Other assets	29,904	-	29,904
Total segment assets	<u>6,969,004</u>	<u>-</u>	<u>6,969,004</u>
Total segment liabilities	<u>-</u>	<u>-</u>	<u>-</u>

During the financial year, there were no transactions between operating segments.

Expenses of the Fund are not considered part of the performance of any operating segment. The following table provides a reconciliation between reportable segment income/(loss) and operating loss.

	2023 RM	2022 RM
Net reportable segment operating income/(loss)	97,000	(1,118,174)
Expenses	(169,009)	(191,418)
Net loss before taxation	(72,009)	(1,309,592)
Taxation	(26,827)	(41,439)
Net loss after taxation	<u>(98,836)</u>	<u>(1,351,031)</u>

17. SEGMENT INFORMATION (CONT'D.)

In addition, certain assets and liabilities are not considered to be part of the assets and liabilities of an individual segment. The following table provides reconciliation between total reportable segment assets and liabilities and total assets and liabilities of the Fund.

	2023	2022
	RM	RM
Total segment assets	6,055,586	6,969,004
Cash at bank	298,002	389,063
Tax recoverable	22,161	-
Total assets of the Fund	<u>6,375,749</u>	<u>7,358,067</u>
	2023	2022
	RM	RM
Total segment liabilities	-	-
Amount due to Manager	9,259	10,294
Amount due to Trustee	1,804	1,803
Other payables and accruals	16,168	12,437
Tax payable	-	2,462
Total liabilities of the Fund	<u>27,231</u>	<u>26,996</u>

18. FINANCIAL INSTRUMENTS**(a) Classification of Financial Instruments**

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2023				
Financial assets				
Investments	5,724,580	-	-	5,724,580
Deposit with a licensed financial institution	-	300,370	-	300,370
Amount due from brokers	-	18,505	-	18,505
Other receivables	-	12,131	-	12,131
Cash at bank	-	298,002	-	298,002
Total financial assets	<u>5,724,580</u>	<u>629,008</u>	<u>-</u>	<u>6,353,588</u>
Financial liabilities				
Amount due to Manager	-	-	9,259	9,259
Amount due to Trustee	-	-	1,804	1,804
Other payables and accruals	-	-	16,168	16,168
Total financial liabilities	<u>-</u>	<u>-</u>	<u>27,231</u>	<u>27,231</u>

18. FINANCIAL INSTRUMENTS (CONT'D.)

(a) Classification of Financial Instruments (Cont'd.)

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2022				
Financial assets				
Investments	6,939,100	-	-	6,939,100
Amount due from brokers	-	18,506	-	18,506
Other receivables	-	11,398	-	11,398
Cash at bank	-	389,063	-	389,063
Total financial assets	6,939,100	418,967	-	7,358,067
Financial liabilities				
Amount due to Manager	-	-	10,294	10,294
Amount due to Trustee	-	-	1,803	1,803
Other payables and accruals	-	-	12,437	12,437
Total financial liabilities	-	-	24,534	24,534

(b) Fair Value

(i) Financial instruments that are carried at fair value

The Fund uses the following level of fair value hierarchy for determining and disclosing the fair value of financial instruments carried at fair value in the statement of financial position:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data

The Fund's financial assets at FVTPL are carried at fair value. The fair values of these financial assets were determined using prices in active markets for identical assets.

Quoted equity instruments

Fair value of quoted equity instruments is determined directly by reference to their published market prices on the relevant stock exchanges at the reporting date. The fair value of quoted equity instruments which have lost active trading market due to suspension in their trading, is determined by reference to their published net tangible assets.

The Fund held the following financial instruments carried at fair value on the statement of financial position as at the end of financial year :

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Financial assets at FVTPL				
- Quoted equities	5,515,894	-	-	5,515,894
- Unquoted convertible loan stock	-	-	208,686	208,686
	5,515,894	-	208,686	5,724,580

18. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Fair Value (Cont'd.)

(i) Financial instruments that are carried at fair value (Cont'd.)

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2022				
Financial assets at FVTPL				
- Quoted equities	6,742,150	-	-	6,742,150
- Unquoted convertible loan stock	-	-	196,950	196,950
	6,742,150	-	196,950	6,939,100

The fair value of the Fund's investment in unquoted convertible loan is classified within Level 3 of the fair value hierarchy. Since the convertible loan is not traded in an active market and is of short-term in-nature pending the completion of the proposed initial public offering and listing exercise as explained in Note 7(c), the fair value of the unquoted convertible loan has been estimated to be equivalent to the cost of the Fund's investment.

(ii) Financial instruments not carried at fair value

Financial instruments not carried at fair value comprise financial assets and financial liabilities subsequently measured at amortised cost. The carrying amount of these financial instruments at the end of the financial year approximated their fair values due to their short-term to maturity.

19. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

The Fund maintains investment portfolios in a variety of quoted and unquoted financial instruments as dictated by its Deeds and investment management strategy.

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

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

(a) Market Risk

The Fund's principal exposure to market risk arises primarily due to changes or developments in the market environment and typically includes changes in regulations, politics and the economy of the country. Market risk is also influenced by global economics and geopolitical developments. The Fund seeks to diversify away some of this risk by investing into different sectors to mitigate risk exposure to any single asset class.

The Fund's market risk arises primarily due to changes in market prices, interest rates and foreign currency exchange rates.

(i) Equity Price Risk

Equity price risk is the adverse changes in the fair value of equities as a result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in quoted equity securities.

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

(a) Market Risk (Cont'd.)

(i) Equity Price Risk (Cont'd.)

The table below demonstrates the sensitivity of the Fund's net loss after taxation and NAV to a reasonably possible change in equity prices on investments in quoted equity securities as at the end of the financial year with all other variables held constant :

	2023		2022	
	Impact on net loss after taxation		Impact on net loss after taxation	
	Lower / RM	(Higher) RM	Lower / RM	(Higher) RM
Change in equity price by +6%/-6%	330,954 /	(330,954)	404,529 /	(404,529)
	2023		2022	
	Impact on NAV		Impact on NAV	
	Increase / RM	(Decrease) RM	Increase / RM	(Decrease) RM
Change in equity price by +6%/-6%	330,954 /	(330,954)	404,529 /	(404,529)

(ii) Interest Rate Risk

This risk refers to the effect of interest rate changes on the valuation of unquoted fixed income securities. In the event of rising interest rates, the return on deposits with financial institutions will rise while valuation of unquoted fixed income securities will decrease and vice versa, thus affecting the net asset value of the Fund. Currently, the Fund does not have any investment in unquoted fixed income securities.

The Fund's exposure to interest rate risk associated with deposits with financial institutions is not material as they are based on a fixed rate.

(iii) Currency Risk

The Fund is exposed to currency risk primarily through its investments in overseas securities that are denominated in foreign currencies. The Fund's foreign currency exposure profile of its investments in overseas securities is disclosed under Note 7(b). The currency risk is minimised by proper portfolio allocation and to avoid concentration in a single country.

The table below demonstrates the sensitivity of the Fund's net (loss)/income after taxation and NAV to +/-10% change in foreign currency exchange rates as at the end of the financial year, with all other variables held constant :

	2023		2022	
	Impact on net loss after taxation		Impact on net loss after taxation	
	Lower / RM	(Higher) RM	Lower / RM	(Higher) RM
Change in foreign currency exchange rates by +10%/-10%				
-Hong Kong Dollar	132,341	(132,341)	187,037	(187,037)
-Indonesian Rupiah	40,289	(40,289)	51,770	(51,770)
-South Korean Won	15,105	(15,105)	7,868	(7,868)
-Thai Baht	6,309	(6,309)	4,334	(4,334)
-Philippines Peso	40,074	(40,074)	69,017	(69,017)
-Singapore Dollar	78,539	(78,539)	119,720	(119,720)
-Australian Dollar	36,937	(36,937)	35,868	(35,868)
	349,594	(349,594)	475,612	(475,612)

19. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(b) Credit Risk**

The Fund's investments in deposits with licensed financial institutions and bank balances are of high credit ratings while short-term receivables including amount due from brokers are of short maturities; hence probability of their default on contractual obligations is deemed negligible. Accordingly, no allowance is required for their expected credit losses in accordance with the accounting policies as disclosed in Note 3.2. The carrying amount of the financial assets represents the maximum credit risk exposure for the Fund.

(c) Liquidity Risk

This risk occurs in thinly traded or illiquid equity securities. Should the Fund need to sell a relatively large amount of such securities, the act itself may significantly depress the selling price. As the Fund is exposed to daily redemption of units, the risk is minimised by placing a prudent level of funds in short-term deposits and by investing in stocks whose liquidity is adjudged to be commensurate with the expected exposure level of the Fund.

The following table summarises the maturity profile of the Fund's financial liabilities and the corresponding assets available to meet commitments associated with those financial liabilities and redemption by unitholders.

	1 month - 3 months RM	Above 3 months RM	Total RM
2023			
Financial assets :			
- Financial assets at FVTPL	5,724,580	-	5,724,580
- Deposit with a licensed financial institution	300,370	-	300,370
- Other assets	328,638	-	328,638
Total undiscounted financial assets	<u>6,353,588</u>	<u>-</u>	<u>6,353,588</u>
Non-financial assets	22,161	-	22,161
Total assets	<u>6,375,749</u>	<u>-</u>	<u>6,375,749</u>
Financial liabilities :			
- Other liabilities	27,231	-	27,231
Total undiscounted financial liabilities	<u>27,231</u>	<u>-</u>	<u>27,231</u>
Non-financial liabilities	-	-	-
Total liabilities	<u>27,231</u>	<u>-</u>	<u>27,231</u>
Unitholders' NAV	<u>6,348,518</u>	<u>-</u>	<u>6,348,518</u>
Liquidity gap	<u>-</u>	<u>-</u>	<u>-</u>

19. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(c) Liquidity Risk (Cont'd.)**

The following table summarises the maturity profile of the Fund's financial liabilities and the corresponding assets available to meet commitments associated with those financial liabilities and redemption by unitholders. (Cont'd.)

	1 month - 3 months RM	Above 3 months RM	Total RM
2022			
Financial assets :			
- Financial assets at FVTPL	6,939,100	-	6,939,100
- Other assets	418,967	-	418,967
Total undiscounted financial assets	<u>7,358,067</u>	<u>-</u>	<u>7,358,067</u>
Total assets	<u>7,358,067</u>	<u>-</u>	<u>7,358,067</u>
Financial liabilities :			
- Other liabilities	24,534	-	24,534
Total undiscounted financial liabilities	<u>24,534</u>	<u>-</u>	<u>24,534</u>
Non-financial assets	<u>2,462</u>	<u>-</u>	<u>2,462</u>
Total liabilities	<u>26,996</u>	<u>-</u>	<u>26,996</u>
Unitholders' NAV	<u>7,331,071</u>	<u>-</u>	<u>7,331,071</u>
Liquidity gap	<u>-</u>	<u>-</u>	<u>-</u>

(d) Stock Specific Risk

The Fund is exposed to the individual risk of the respective companies issuing securities which includes changes to the business performance of the company, consumer tastes and demand, lawsuits and management practices. This risk is minimised through the well diversified nature of the Fund.

(e) Single Issuer Risk

The Fund's exposure to securities issued by any issuer is limited to not more than a certain percentage of its net asset value. Under such restriction, the risk exposure to the securities of any issuer is minimised.

(f) Capital Management

The capital is represented by unitholders' subscription to the Fund. The amount of capital can change significantly on a daily basis as the Fund is subject to daily redemption and subscription at the discretion of unitholders. The Manager manages the Fund's capital with the objective of maximising unitholders' value while maintaining sufficient liquidity to meet unitholders' redemption as explained in Note 19(c) above.

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF PHEIM ASIA EX-JAPAN ISLAMIC FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 December 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Pheim Unit Trusts Berhad has operated and managed the Fund during the financial year covered by these financial statements in accordance with the following:

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

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

For **Maybank Trustees Berhad**

[Company No. : 196301000109 (5004-P)]

NORHAZLIANA BINTI MOHAMMED HASHIM

Head, Unit Trust and Corporate Operations

Kuala Lumpur, Malaysia

Date : 21 February 2024

STATEMENT BY MANAGER TO THE UNIT HOLDERS OF PHEIM ASIA EX-JAPAN ISLAMIC FUND

We, Teh Song Lai and Hoi Weng Kong, being two of the Directors (alternate Director and Director respectively) of Pheim Unit Trusts Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements of Pheim Asia Ex-Japan Islamic Fund are drawn up in accordance with the Deeds, Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission Malaysia's *Guidelines on Unit Trust Funds* so as to give a true and fair view of the financial position of Pheim Asia Ex-Japan Islamic Fund as at 31 December 2023 and of its financial performance and cash flows for the financial year then ended.

On behalf of the Manager,
PHEIM UNIT TRUSTS BERHAD

TEH SONG LAI

Alternate Director to Dr. Tan Chong Koay

HOI WENG KONG

Director

Kuala Lumpur, Malaysia

Date : 21 February 2024

**SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF
PHEIM ASIA EX-JAPAN ISLAMIC FUND**

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Pheim Unit Trusts Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The asset of the Fund comprises of instruments that have been classified as Shariah compliant except for iX Biopharma Ltd, which have been reclassified as Shariah non-compliant by the Shariah Adviser.
3. We also confirm that the investment portfolio of the Fund comprises securities which have been classified as Shariah compliant by the Shariah Advisory Council of the SC ("SACSC") except for Advancecon Holdings Bhd, which have been reclassified as Shariah non-compliant.
4. These 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 disclosed in the Fund's prospectus.

For Amanie Advisors Sdn Bhd

TAN SRI DR. MOHD DAUD BAKAR

Executive Chairman

Kuala Lumpur, Malaysia

Date : 21 February 2024

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF PHEIM ASIA EX-JAPAN ISLAMIC FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PHEIM ASIA EX-JAPAN ISLAMIC FUND ("the Fund"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in net asset value attributable to unitholders and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 119 to 226.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission Malaysia's *Guidelines on Unit Trust Funds*.

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, PHEIM UNIT TRUSTS BERHAD, is responsible for the other information. The other information comprises the information on the Fund together with the Manager's Report included in the Annual Report of the Funds managed by the Manager 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.

***Information Other than the Financial Statements and Auditors' Report Thereon
(Cont'd.)***

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

Responsibilities of the Manager and Trustee for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Securities Commission Malaysia's *Guidelines on Unit Trust Funds*. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable the preparation of financial statements that are true and fair.

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 have 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 skepticism throughout the audit. We also:-

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

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd.)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements 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 unitholders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

FOLKS DFK & CO.
NO. : AF 0502
CHARTERED ACCOUNTANTS

Kuala Lumpur

Date : 21 February 2024

SAM SIOW CHENG
NO. : 03306/06/2025 J
CHARTERED ACCOUNTANT

**PHEIM ASIA EX-JAPAN ISLAMIC FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	2023 RM	2022 RM
INVESTMENT INCOME/(LOSS)			
Gross dividend income		482,628	571,353
Profit from Shariah-based deposits with licensed financial institutions		61,736	106,883
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")	7(a)	383,355	(3,258,708)
Net realised (loss)/gain on foreign exchange		<u>(2,330)</u>	<u>704</u>
		<u>925,389</u>	<u>(2,579,768)</u>
EXPENSES			
Manager's fee	4	388,402	362,265
Trustee's fee	5	15,000	15,485
Auditor's remuneration		9,000	8,000
Tax agent's fee		3,200	3,000
Brokerage fee and transaction costs		18,659	36,730
Administrative expenses		<u>45,214</u>	<u>31,108</u>
		<u>479,475</u>	<u>456,588</u>
Net income/(loss) before taxation		445,914	(3,036,356)
Taxation	6	<u>(35,143)</u>	<u>(19,889)</u>
Net income/(loss) for the financial year representing total comprehensive income/(loss) for the financial year		<u>410,771</u>	<u>(3,056,245)</u>
Net income/(loss) after taxation is made up of the following :			
Net realised income		342,229	524,227
Net unrealised income/(loss)		<u>68,542</u>	<u>(3,580,472)</u>
		<u>410,771</u>	<u>(3,056,245)</u>
Distribution for the financial year :			
Net distribution	11	1,616,961	1,799,785
Net distribution per unit (sen)	11	3.75	5.00
Gross distribution per unit (sen)	11	<u>3.75</u>	<u>5.00</u>

The accompanying notes form an integral part of the financial statements.

**PHEIM ASIA EX-JAPAN ISLAMIC FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Note	2023 RM	2022 RM
ASSETS			
Shariah-compliant investments	7	22,498,117	22,657,699
Shariah-based deposits with licensed financial institutions	8	2,568,035	1,500,000
Other receivables		29,003	38,709
Amount due from Manager	10	52,946	286,975
Cash at bank		236,964	800,286
Tax recoverable		10,453	5,370
TOTAL ASSETS		<u>25,395,518</u>	<u>25,289,039</u>
LIABILITIES			
Amount due to Manager	10	33,245	32,266
Amount due to Trustee		2,287	2,281
Amount due to brokers		3,799	-
Other payables and accruals		39,272	26,028
TOTAL LIABILITIES		<u>78,603</u>	<u>60,575</u>
NET ASSET VALUE OF THE FUND		<u>25,316,915</u>	<u>25,228,464</u>
EQUITY			
Unitholders' capital	12(a)	31,232,918	29,938,277
Accumulated losses	12	(5,916,003)	(4,709,813)
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (TOTAL EQUITY)	12	<u>25,316,915</u>	<u>25,228,464</u>
UNITS IN CIRCULATION	12(a)	<u>45,069,508</u>	<u>42,789,348</u>
NET ASSET VALUE ("NAV") PER UNIT	13	<u>0.5617</u>	<u>0.5896</u>

The accompanying notes form an integral part of the financial statements.

PHEIM ASIA EX-JAPAN ISLAMIC FUND
STATEMENT OF CHANGES IN NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Unitholders' capital RM	Retained earnings/ (Accumulated losses) RM	Total equity RM
Balance at 1 January 2022	25,865,061	146,217	26,011,278
Net loss for the financial year representing total comprehensive loss for the financial year	-	(3,056,245)	(3,056,245)
Creation of units	6,465,719	-	6,465,719
Cancellation of units	(2,492,411)	-	(2,492,411)
Distribution equalisation	99,908	-	99,908
Income distribution (Note 11)	-	(1,799,785)	(1,799,785)
Total transactions with unitholders	4,073,216	(1,799,785)	2,273,431
Balance at 31 December 2022	29,938,277	(4,709,813)	25,228,464
Net income for the financial year representing total comprehensive income for the financial year	-	410,771	410,771
Creation of units	5,170,734	-	5,170,734
Cancellation of units	(3,659,315)	-	(3,659,315)
Distribution equalisation	(216,778)	-	(216,778)
Income distribution (Note 11)	-	(1,616,961)	(1,616,961)
Total transactions with unitholders	1,294,641	(1,616,961)	(322,320)
Balance at 31 December 2023	31,232,918	(5,916,003)	25,316,915

The accompanying notes form an integral part of the financial statements.

PHEIM ASIA EX-JAPAN ISLAMIC FUND
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023	2022
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of Shariah-compliant investments	5,197,424	3,841,826
Purchase of Shariah-compliant investments	(4,861,333)	(9,736,235)
Dividends received	462,168	532,353
Profits received from Shariah-based deposits with licensed financial institutions	61,305	107,337
Management fee paid	(387,529)	(363,219)
Trustee's fee paid	(14,998)	(15,788)
Payment for other fees and expenses	(44,192)	(41,759)
Tax paid	(26,667)	(8,370)
Net cash from/(used in) operating and investing activities	<u>386,178</u>	<u>(5,683,855)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	3,115,971	5,051,199
Payment for cancellation of units	(2,977,613)	(2,886,231)
Distribution paid	(19,823)	(36,993)
Net cash from financing activities	<u>118,535</u>	<u>2,127,975</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	504,713	(3,555,880)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>2,300,286</u>	<u>5,856,166</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>2,804,999</u>	<u>2,300,286</u>
Cash and cash equivalents comprise the following :		
Shariah-based deposits with licensed financial institutions (Note 8)	2,568,035	1,500,000
Cash at bank	236,964	800,286
	<u>2,804,999</u>	<u>2,300,286</u>

The accompanying notes form an integral part of the financial statements.

**PHEIM ASIA EX-JAPAN ISLAMIC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Pheim Asia Ex-Japan Islamic Fund ("the Fund") was established pursuant to a Deed dated 12 September 2006 as amended by the Supplemental Deed dated 3 December 2008, a Second Supplemental Master Deed dated 30 April 2015 and the Third Supplemental Master Deed dated 10 January 2023 (collectively referred to as "the Deeds") made between Pheim Unit Trusts Berhad ("the Manager") and Maybank Trustees Berhad ("the Trustee").

The objective of the Fund is to achieve capital appreciation in the long-term by investing primarily in Asian markets excluding Japan through investments that comply with Shariah requirements. The Fund is to invest in "Permitted Investments" in compliance with Shariah requirements in accordance with the Deeds comprising :

- (a) Shariah-compliant securities in Malaysia and countries in the Asia Pacific region excluding Japan;
- (b) Shariah-compliant securities and Islamic liquid assets in foreign markets that are permitted by the SC;
- (c) Shariah-compliant securities and Islamic liquid assets in the Malaysia market;
- (d) Unlisted Shariah-compliant securities which are offered directly to the Fund by the issuer;
- (e) Government Investment Issues (GII), Islamic accepted bills, Bank Negara Monetary Notes-i, Cagamas Mudharabah sukuk and any other government Islamic papers;
- (f) Shariah-compliant warrants, Islamic options and other Shariah-compliant equity securities;
- (g) Units or shares of other Islamic collective investments schemes;
- (h) Islamic future contracts excluding future options and eligible exchange traded option, (only for hedging purposes);
- (i) Islamic liquid assets such as cash, Islamic deposits with financial institutions and/or other institutions licensed or approved to accept Islamic deposits, and any other Shariah-compliant instrument capable of being converted into cash within seven (7) days as may be approved by the Trustee;
- (j) Any other form of Shariah-compliant investments as may be permitted by the SC and/or the Shariah Adviser from time to time.

The Manager, Pheim Unit Trusts Berhad, is a public company incorporated in Malaysia. It is a wholly owned subsidiary of Pheim Asset Management Sdn Bhd, a private company incorporated in Malaysia. Its principal activity is the management of unit trust funds. Pheim Asset Management Sdn Bhd has been appointed by the Manager as the External Investment Manager of the Fund with responsibility for providing investment management services to the Fund.

The principal place of business of the Fund is located at 7th Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur.

The financial statements are presented in Ringgit Malaysia (RM).

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with the resolution of the directors on 21 February 2024.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Securities Commission Malaysia's *Guidelines on Unit Trust Funds*.

2.2 Basis of Measurement

The financial statements of the Fund are prepared under the historical cost convention except for equity financial assets that have been measured at fair value.

2.3 Application of New MFRS and Amendments to MFRSs That Are Effective on 1 January 2023

During the financial year, the Fund has applied certain new MFRS and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which became effective for annual accounting period beginning on 1 January 2023. The initial application of those new MFRS and amendments to MFRSs has no impact on the financial statements of the Fund, other than as explained below.

Amendments to MFRS 101 and MFRS Practice Statement 2 - Disclosure of Accounting Policies

The Fund adopted the Amendments from 1 January 2023. The Amendments changed the requirements in MFRS 101 to disclose 'material accounting policy information' rather than 'significant accounting policies' and must be of entity-specific. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The Amendments have also added guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Amendments have had an impact on the disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

2.4 Amendments to MFRSs That Are In Issue But Not Yet Effective and Have Not Been Early Adopted

A number of amendments to MFRSs issued by the MASB which are effective for annual accounting periods beginning after 1 January 2023 have not been early adopted by the Fund. None of these amendments to MFRSs are expected to have material effect on the financial statements of the Fund in the period of initial application.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below are consistent with those applied by the Fund in the previous financial year.

3.1 Financial Assets

Financial assets are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instruments. Regular way of purchase and sale of investments in financial instruments are recognised on trade dates, i.e. the date on which the Fund commits to purchase or sell the investments. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs, for investments not at fair value through profit or loss. Transaction costs for investments carried at fair value through profit or loss are charged to profit or loss.

Subsequent to initial recognition, financial assets are measured in accordance with their classification on initial recognition.

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

3.1 Financial Assets (Cont'd.)

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

The Fund determines the classification of its financial assets at initial recognition into the following categories for subsequent measurement depending on the basis of both its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(a) Financial assets at amortised cost

Financial assets which are debt instruments are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. The Fund's financial assets at amortised cost comprised amount due from the Manager, other receivables, Shariah-based deposits with licensed financial institutions and cash at bank.

Subsequent to initial recognition, the debt instruments are subsequently measured at amortised cost using the effective profit method less any allowance for impairment. Gains or losses are recognised in profit or loss when the debt instruments are derecognised or impaired, and through the amortisation process.

(b) Financial assets at fair value through profit or loss ("FVTPL")

The Fund's financial assets at FVTPL comprised equity investments and debt instruments which are held under a business model to manage and evaluate their performance on a fair value basis.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value with changes in fair value recognised in profit or loss and presented as "Net gain or loss on financial assets at FVTPL". profit and dividend earned from such instruments are recognised and presented separately as "profit income" and "Gross dividend income", respectively in profit or loss. Foreign exchange differences on financial assets at FVTPL are not recognised separately in profit and loss but included in net gains or net losses on changes in fair value of financial assets at FVTPL.

3.2 Impairment of Financial Assets at Amortised Cost

Expected credit losses ("ECLs") on financial assets of this category and with maturities of less than 12 months are measured using the simplified approach under MFRS 9 for trade receivables with no financing component. Under this approach, the Fund does not track changes in credit risk of the receivables and recognises a loss allowance based on their lifetime ECLs at the reporting date. The amount of expected credit losses (or reversals) required to arrive at the loss allowance is recognised as an impairment loss or gain in profit or loss. The cumulative loss allowance recognised is set off against the gross carrying amount of the financial assets at the reporting date.

3.3 Classification of Realised and Unrealised Gain and Losses

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

Realised gains and losses on disposals of financial instruments classified as part of "at fair value through profit or loss" are calculated using weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payment or receipts made of derivative contracts (excluding payments or receipts on collateral margin accounts for such investments).

3.4 Financial Liabilities

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 instruments. All financial liabilities are recognised initially at fair value, minus directly attributable transaction costs in the case of financial liabilities not at FVTPL.

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

3.4 Financial Liabilities (Cont'd.)

Financial liabilities are classified at initial recognition according to the substance of the contractual arrangements entered into and the definition of a financial liability.

The Fund's financial liabilities which include amounts due to brokers, Trustee, Manager, other payables and accruals are classified as subsequently measured at amortised cost using the effective profit method. The Fund does not have financial liabilities classified as at FVTPL.

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

3.5 Fair Value Measurement

For financial assets at FVTPL that require fair value measurement, the Fund establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active markets and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or, in the absence of a principal market, the most advantageous market for the asset; and for which the Fund can enter into a transaction for the asset at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from the marketplace that are observable for substantially the full term of the asset.

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

3.6 Foreign Currencies

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 also the Fund's functional currency.

In preparing the financial statements, transactions in currencies other than the Fund's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the end of the reporting period. Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising from the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in equity. Exchange differences arising from such non-monetary items are recognised directly to equity.

3.7 Unitholders' Capital

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments under MFRS 132.

Distribution equalisation represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

3.8 Income Distribution

Income distributions are at the discretion of the Manager. Income distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as deduction from unitholders' capital.

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

3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and Shariah-based deposits with licensed financial institutions which have insignificant risk of changes in value.

3.10 Income Recognition

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

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

Profit income is recognised using effective profit method.

3.11 Income Tax

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

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

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

3.12 Segment Reporting

For management purposes, the Fund is managed under 2 main portfolios, namely (1) equity securities; and (2) fixed income instruments. Each segment engages in separate business activities and the operating results are regularly reviewed by the Manager, External Investment Manager and the Fund's Investment Committee. The External Investment Manager and the Fund Investment Committee jointly assumes the role of chief operation decision maker, for performance assessment purposes and to make decision about resources allocated to each investment segment.

3.13 Significant Accounting Estimates and Judgements

The preparation of financial statements in accordance with MFRS and IFRS requires the use of certain accounting estimates and exercise of judgements. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

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

4. MANAGER'S FEE

The Manager is entitled to an annual management fee of 1.50% (2022 : 1.50%) per annum of the NAV of the Fund (before deducting the Manager's and Trustee's fees for the day) calculated and accrued on a daily basis.

5. TRUSTEE' S FEE

The Trustee is entitled to a fee of 0.055% (2022 : 0.07%) per annum of the NAV of the Fund (before deducting the Manager's and Trustee's fee for the day) calculated and accrued on a daily basis, subject to a minimum of RM15,000 (2022 : RM15,000) per annum.

6. TAXATION

	2023	2022
	RM	RM
Malaysian income tax :		
- Current financial year	24,000	3,000
- Income tax over provided in prior financial year	(2,416)	-
Foreign income tax	13,559	16,889
	<u>35,143</u>	<u>19,889</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2022 : 24%) of the estimated assessable net income for the financial year.

With effect from 1 January 2022, income derived from sources outside Malaysia and received by the Fund in Malaysia will be subject to the Malaysian income tax pursuant to the Income Tax Act 1967.

The tax charge for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. A reconciliation of tax expense applicable to the net income/(loss) before taxation at the statutory tax rate to tax expense at the effective tax rate of the Fund is as follows :

	2023	2022
	RM	RM
Net income/(loss) before taxation	<u>445,914</u>	<u>(3,036,356)</u>
Taxation at the Malaysian statutory rate of 24% (2022: 24%)	107,019	(728,725)
Tax effects in respect of :		
Income not subject to tax	(289,214)	(212,444)
Loss disregarded for tax purposes	99,846	859,313
Expenses not deductible for tax purposes	20,375	21,214
Restriction on tax deductible expenses for unit trust funds	85,973	80,292
Foreign income tax	13,559	16,889
Tax saving on different tax rate	-	(16,650)
Income tax over provided in prior financial year	(2,416)	-
Tax expense	<u>35,142</u>	<u>19,889</u>

7. SHARIAH-COMPLIANT INVESTMENTS

	2023	2022
	RM	RM
Financial assets at fair value through profit or loss ("FVTPL")		
Quoted Shariah-compliant equities :		
- in Malaysia	11,389,153	12,363,068
- outside Malaysia	<u>10,583,826</u>	<u>9,799,026</u>
	21,972,979	22,162,094
Unquoted convertible loan stock outside Malaysia	<u>525,138</u>	<u>495,605</u>
	<u>22,498,117</u>	<u>22,657,699</u>

(a) Net gain/(loss) on financial assets at FVTPL for the financial year comprised the following :

	2023	2022
	RM	RM
Realised gain on disposals	314,813	321,764
Unrealised gain/(loss) on changes in fair value	<u>68,542</u>	<u>(3,580,472)</u>
As presented on the statement of comprehensive income	<u>383,355</u>	<u>(3,258,708)</u>

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

(b) The currency exposure profile of financial assets at FVTPL is as follows :

	2023 RM	2022 RM
Ringgit Malaysia	11,389,153	12,363,068
Australian Dollar	1,242,619	707,544
Hong Kong Dollar	4,993,059	5,403,122
Indonesian Rupiah	1,156,127	983,074
South Korean Won	2,329,606	1,922,540
Philippines Peso	444,173	665,088
Thai Baht	141,691	-
Singapore Dollar	801,689	613,263
	<u>22,498,117</u>	<u>22,657,699</u>

(c) Financial assets at FVTPL as at financial year end

2023				Fair value as a percentage of NAV
Name of Counter	Quantity held	Cost RM	Fair value RM	
QUOTED SHARIAH-COMPLIANT EQUITIES IN MALAYSIA				
Main Market / ACE Market				
Construction				
Advancecon Holdings Berhad *	514,100	166,694	146,518	0.58%
Econpile Holding Berhad	529,300	272,590	161,437	0.64%
Gabungan AQRS Berhad	462,600	295,908	152,658	0.60%
Gadang Holdings Berhad	90,000	100,611	30,150	0.12%
Kimlun Corporation Berhad	96,782	141,305	75,490	0.30%
Muhibbah Engineering (M) Berhad	351,750	357,156	272,606	1.07%
TRC Synergy Berhad	191,000	83,639	70,670	0.28%
	<u>2,235,532</u>	<u>1,417,903</u>	<u>909,529</u>	<u>3.59%</u>
Consumer product and service				
Bermaz Auto Bhd	39,700	83,379	93,692	0.37%
DXN Holdings Berhad	952,100	666,470	604,584	2.39%
Guan Chong Berhad	154,300	399,512	282,369	1.12%
Able Global Berhad	391,200	542,525	586,800	2.31%
Kawan Food Berhad	152,800	319,734	275,040	1.09%
MBM Resources Berhad	77,000	247,917	326,480	1.29%
Senheng New Retail Berhad	598,700	555,233	197,571	0.78%
	<u>2,365,800</u>	<u>2,814,770</u>	<u>2,366,536</u>	<u>9.35%</u>
Energy				
Hibiscus Petroleum Berhad	155,653	103,080	395,359	1.56%
Financials				
Syarikat Takaful Malaysia Keluarga Bhd	56,500	262,356	209,050	0.83%
Healthcare				
Supercomnet Technologies Berhad	147,400	238,788	179,828	0.71%

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2023 (Cont'd.)				Fair value as a percentage of NAV
Name of Counter	Quantity held	Cost RM	Fair value RM	
QUOTED SHARIAH-COMPLIANT EQUITIES IN MALAYSIA (CONT'D.)				
Main Market / ACE Market (Cont'd.)				
Industrial Products				
AWC Berhad	417,700	230,873	267,328	1.06%
Cahaya Mata Sarawak Bhd	535,500	894,917	578,340	2.27%
CB Industrial Products Holding	177,700	266,124	238,118	0.94%
Evergreen Fibreboard Berhad	704,000	298,234	214,720	0.85%
Globaltec Formation Berhad	452,600	214,378	271,560	1.07%
HIL Industries Berhad	366,000	366,000	347,700	1.37%
HSS Engineers Berhad	240,100	114,023	232,897	0.92%
Lotte Chemical Titan Holding Bhd	100,700	198,936	135,945	0.54%
PIE Industrial Bhd	90,400	309,871	293,800	1.16%
PESTECH International Bhd	262,000	175,239	85,150	0.34%
PESTECH International Bhd - Warrants	30,000	-	4,050	0.02%
Scientex Bhd - Warrants	2,800	-	1,652	0.01%
Seng Fong Holdings Berhad	151,300	113,475	114,232	0.45%
SKP Resources Berhad	178,700	267,915	141,173	0.56%
United U-Li Corporation Berhad	140,000	91,835	214,200	0.85%
	<u>3,849,500</u>	<u>3,541,820</u>	<u>3,140,865</u>	<u>12.41%</u>
Plantations				
Kuala Lumpur Kepong Berhad	11,600	249,719	253,112	1.00%
Sarawak Oil Palms Berhad	178,613	579,237	462,608	1.82%
TSH Resources Berhad	193,800	216,009	188,955	0.75%
United Plantation Berhad	3,400	48,907	60,520	0.24%
	<u>387,413</u>	<u>1,093,872</u>	<u>965,195</u>	<u>3.81%</u>
Properties				
Matrix Concepts Holdings Berhad	51,123	81,939	84,353	0.33%
MKH Berhad	57,700	165,269	82,511	0.33%
Skyworld Development Berhad	240,000	192,000	132,000	0.52%
Tambun Indah Land Berhad	56,000	108,320	47,600	0.19%
	<u>404,823</u>	<u>547,528</u>	<u>346,464</u>	<u>1.37%</u>
Technology				
Agmo Holdings Berhad	2,914	302	1,530	0.01%
Globetronics Technology Berhad	495,100	1,067,698	802,062	3.17%
Greatch Technology Bhd	22,200	155,400	106,560	0.42%
Inari Amertron Berhad	89,000	225,262	267,890	1.06%
Kronologi Asia Berhad	1,901,880	1,079,918	751,243	2.97%
Kronologi Asia Berhad - Warrants	316,980	-	49,132	0.19%
MYEG Services Berhad	261,745	201,371	213,322	0.84%
Omesti Berhad	126,000	75,724	36,540	0.14%
Omesti Berhad - Redeemable Preference Shares	25,200	25,200	21,748	0.09%
Omesti Berhad - Warrants	58,800	-	2,940	0.01%
Securemetric Berhad	230,000	57,500	33,350	0.13%
	<u>3,529,819</u>	<u>2,888,375</u>	<u>2,286,317</u>	<u>9.03%</u>

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2023 (Cont'd.)				Fair value as a percentage of NAV
Name of Counter	Quantity held	Cost RM	Fair value RM	
QUOTED SHARIAH-COMPLIANT EQUITIES IN MALAYSIA (CONT'D.)				
Main Market / ACE Market (Cont'd.)				
Utilities				
Gas Malaysia Berhad	70,000	230,797	224,700	0.89%
Mega First Corporation Berhad	99,000	320,144	365,310	1.44%
	<u>169,000</u>	<u>550,941</u>	<u>590,010</u>	<u>2.33%</u>
TOTAL QUOTED SHARIAH- COMPLIANT EQUITIES IN MALAYSIA	<u>13,301,440</u>	<u>13,459,433</u>	<u>11,389,153</u>	<u>44.99%</u>
QUOTED SHARIAH-COMPLIANT EQUITIES OUTSIDE MALAYSIA				
Australia Stock Exchange ("ASX")				
EQ Resources Limited	4,786,337	750,240	852,839	3.37%
NuEnergy Gas Limited	<u>3,778,475</u>	<u>420,328</u>	<u>389,780</u>	<u>1.54%</u>
	<u>8,564,812</u>	<u>1,170,568</u>	<u>1,242,619</u>	<u>4.91%</u>
Hong Kong Stock Exchange ("HKSE")				
Alibaba Group Holding Ltd (<i>Note v</i>)	14,100	1,618,785	626,891	2.47%
AAC Technologies Holdings Inc	34,000	586,295	463,893	1.83%
Essex Bio-Technology Ltd	351,500	874,449	514,726	2.03%
Geely Automobile Holdings Ltd	108,000	745,851	545,592	2.16%
Modern Dental Group	106,000	269,846	268,056	1.06%
Real Gold Mining Ltd (<i>Note i</i>)	60,000	-	-	-
Sunny Optical Group Co Ltd	13,400	754,060	558,336	2.21%
Ten Pao Group Holdings Ltd	197,500	89,542	118,473	0.47%
Tencent Holdings Ltd	5,700	1,418,646	984,197	3.88%
Tongda Group Holdings	3,800,000	322,895	230,182	0.91%
Xinyi Solar Holdings Ltd	128,000	875,019	343,262	1.36%
Xiaomi Corporation	<u>37,000</u>	<u>264,852</u>	<u>339,451</u>	<u>1.34%</u>
	<u>4,855,200</u>	<u>7,820,240</u>	<u>4,993,059</u>	<u>19.72%</u>
Jakarta Stock Exchange ("JSX")				
PT Erajaya Swasembada Tbk	1,555,100	251,911	197,682	0.78%
PT Bank Syariah Indonesia Tbk	849,200	325,963	440,918	1.75%
PT Wir Asia Tbk	11,420,000	518,010	368,035	1.45%
PT Sarimelati Kencana Tbk	<u>1,354,000</u>	<u>302,950</u>	<u>149,492</u>	<u>0.59%</u>
	<u>15,178,300</u>	<u>1,398,834</u>	<u>1,156,127</u>	<u>4.57%</u>

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2023 (Cont'd.)				Fair value as a percentage of NAV
Name of Counter	Quantity held	Cost RM	Fair value RM	
QUOTED SHARIAH-COMPLIANT EQUITIES OUTSIDE MALAYSIA (CONT'D.)				
Philippines Stock Exchange ("PHP")				
Global Ferronickel Holdings Inc	1,971,340	446,026	337,060	1.33%
Converge Information and Technology Solutions, Inc	154,000	249,120	107,113	0.42%
	<u>2,125,340</u>	<u>695,146</u>	<u>444,173</u>	<u>1.75%</u>
Korea Stock Exchange ("KE")				
Samsung Electronics Co Ltd	1,800	368,404	502,788	1.99%
Samsung SDI Co Ltd	200	448,107	335,904	1.33%
Seoul Semiconductor Co Ltd	10,600	399,628	383,215	1.51%
SK Hynix	2,200	751,418	1,107,699	4.38%
	<u>14,800</u>	<u>1,967,557</u>	<u>2,329,606</u>	<u>9.21%</u>
Singapore Stock Exchange ("SGX")				
Fibrechem Technologies Ltd <i>(Note ii)</i>	458,000	-	-	-
Fortress Minerals Ltd	219,700	284,178	233,062	0.92%
iX Biopharma Ltd *	277,860	254,672	43,489	0.17%
Sino Techfibre Ltd <i>(Note iii)</i>	1,400,000	-	-	-
	<u>2,355,560</u>	<u>538,850</u>	<u>276,551</u>	<u>1.09%</u>
Thailand Stock Exchange ("SET")				
TBN Corporation Public Company Limited	75,000	143,481	141,691	0.56%
	<u>75,000</u>	<u>143,481</u>	<u>141,691</u>	<u>0.56%</u>
TOTAL QUOTED SHARIAH- COMPLIANT EQUITIES OUTSIDE MALAYSIA	<u>33,169,012</u>	<u>13,734,676</u>	<u>10,583,826</u>	<u>41.81%</u>
UNQUOTED CONVERTIBLE LOAN STOCK OUTSIDE MALAYSIA				
Singapore Institute of Advanced Medicine Holdings Pte. Ltd. <i>(Note iv)</i>	150,984	487,225	525,138	2.07%
	<u>150,984</u>	<u>487,225</u>	<u>525,138</u>	<u>2.07%</u>
TOTAL FINANCIAL ASSETS AT FVTPL	<u>46,621,436</u>	<u>27,681,334</u>	<u>22,498,117</u>	<u>88.87%</u>
SHORTFALL OF FAIR VALUE OVER COST			<u>(5,183,217)</u>	

* This security has been classified as Shariah non-compliant effective from 24 November 2023

** This security has been classified as Shariah non-compliant effective from 21 July 2023

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2022	Quantity held	Cost RM	Fair value RM	Fair value as a percentage of NAV
QUOTED SHARIAH-COMPLIANT EQUITIES IN MALAYSIA				
Main Market / ACE Market				
Construction				
Advancecon Holdings Berhad	514,100	166,694	128,525	0.51%
Econpile Holding Berhad	529,300	273,167	89,981	0.36%
Gabungan AQRS Berhad	462,600	296,858	120,276	0.48%
Gadang Holdings Berhad	90,000	100,984	28,800	0.11%
Kimlun Corporation Berhad	96,782	141,666	74,522	0.30%
Kerjaya Prospek Group Berhad	489,400	502,454	572,598	2.27%
Muhibbah Engineering (M) Berhad	646,750	571,203	323,375	1.28%
TRC Synergy Berhad	191,000	83,863	57,300	0.23%
	<u>3,019,932</u>	<u>2,136,889</u>	<u>1,395,377</u>	<u>5.54%</u>
Consumer product and service				
Able Global Berhad	391,200	551,859	528,120	2.09%
Bermaz Auto Bhd	39,700	83,665	84,561	0.34%
Kawan Food Berhad	152,800	320,752	339,216	1.34%
MBM Resources Berhad	77,000	247,917	252,560	1.00%
Senheng New Retail Berhad	598,700	555,233	362,214	1.44%
UMW Berhad	49,800	129,684	172,806	0.68%
	<u>1,309,200</u>	<u>1,889,110</u>	<u>1,739,477</u>	<u>6.89%</u>
Energy				
Hibiscus Petroleum Berhad	1,074,133	720,228	1,149,322	4.56%
Perdana Petroleum Berhad	1,750,000	157,500	218,750	0.87%
	<u>2,824,133</u>	<u>877,728</u>	<u>1,368,072</u>	<u>5.43%</u>
Financials				
Syarikat Takaful Malaysia Keluarga Bhd	56,500	263,238	194,360	0.77%
Healthcare				
Supercomnet Technologies Berhad	147,400	238,788	231,418	0.92%
Plantations				
Kuala Lumpur Kepong Berhad	11,600	249,719	259,376	1.03%
Sarawak Oil Palms Berhad	178,613	519,543	464,394	1.84%
Ta Ann Holdings Berhad	41,000	120,279	154,980	0.61%
TSH Resources Berhad	193,800	216,686	207,366	0.82%
United Plantation Berhad	3,400	49,075	52,020	0.21%
	<u>428,413</u>	<u>1,155,302</u>	<u>1,138,136</u>	<u>4.51%</u>
Properties				
MKH Berhad	57,700	42,422	68,663	0.27%
Tambun Indah Land Berhad	56,000	165,829	42,840	0.17%
Matrix Concepts Holdings Berhad	51,123	108,705	75,151	0.30%
	<u>164,823</u>	<u>316,956</u>	<u>186,654</u>	<u>0.74%</u>

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2022 (Cont'd.)				Fair value as a percentage of NAV
Name of Counter	Quantity held	Cost RM	Fair value RM	
QUOTED SHARIAH-COMPLIANT EQUITIES IN MALAYSIA (CONT'D.)				
Main Market / ACE Market (Cont'd.)				
Industrial Products				
AWC Berhad	417,700	231,622	192,142	0.76%
Cahaya Mata Sarawak Bhd	535,500	738,706	572,985	2.27%
CB Industrial Products Holding	177,700	266,124	195,470	0.77%
Evergreen Fibreboard Berhad	704,000	299,256	274,560	1.09%
HIL Industries Berhad	366,000	366,000	391,620	1.55%
HSS Engineers Berhad	550,100	261,241	236,543	0.94%
Globaltec Formation Berhad	452,600	214,378	230,826	0.91%
L&P Global Berhad	40,400	12,120	12,120	0.05%
Lotte Chemical Titan Holding Bhd	100,700	204,119	142,994	0.57%
PIE Industrial Bhd	90,400	310,933	235,040	0.93%
PESTECH International Bhd	602,000	363,984	186,620	0.74%
PESTECH International Bhd - Warrants	30,000	-	4,050	0.02%
Seng Fong Holdings Berhad	151,300	113,475	105,910	0.42%
Scientex Bhd - Warrants	2,800	-	1,764	0.01%
SKP Resources Berhad	178,700	268,393	287,707	1.14%
United U-Li Corporation Berhad	405,000	266,576	486,000	1.93%
	<u>4,804,900</u>	<u>3,916,927</u>	<u>3,556,351</u>	<u>14.10%</u>
Real Estate Investment Trust				
Ame Real Estate Investment Trust	82,090	86,213	96,045	0.38%
Technology				
Globetronics Technology Berhad	495,100	1,071,339	574,315	2.28%
Greatech Technology Bhd	22,200	155,932	107,448	0.43%
Kronologi Asia Berhad	1,030,000	670,033	494,400	1.96%
Omesti Berhad - Redeemable Preference Shares	25,200	75,927	21,672	0.09%
Omesti Berhad	126,000	25,210	52,290	0.21%
Omesti Berhad - Warrants	58,800	-	5,586	0.02%
Securemetric Berhad	230,000	57,712	23,000	0.09%
Securemetric Berhad - Warrants	115,000	-	575	0.00%
JHM Consolidated Berhad	306,000	223,380	226,440	0.90%
MYEG Services Berhad	257,531	198,560	224,052	0.89%
	<u>2,665,831</u>	<u>2,478,093</u>	<u>1,729,778</u>	<u>6.87%</u>
Telecommunications & Media				
Time Dotcom Berhad	34,800	127,314	170,520	0.68%
Utilities				
Mega First Corporation Berhad	99,000	294,431	328,680	1.30%
Gas Malaysia Berhad	70,000	230,797	228,200	0.90%
	<u>169,000</u>	<u>525,228</u>	<u>556,880</u>	<u>2.20%</u>
TOTAL QUOTED SHARIAH- COMPLIANT EQUITIES IN MALAYSIA				
	<u>15,707,022</u>	<u>14,011,786</u>	<u>12,363,068</u>	<u>49.03%</u>

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2022 (Cont'd.)				Fair value as a percentage of NAV
Name of Counter	Quantity held	Cost RM	Fair value RM	
QUOTED SHARIAH-COMPLIANT EQUITIES OUTSIDE MALAYSIA				
Australia Stock Exchange ("ASX")				
EQ Resources Limited	4,928,449	764,107	707,544	2.80%
Hong Kong Stock Exchange ("HKSE")				
Alibaba Group Holding Ltd (<i>Note v</i>)	14,100	1,624,673	686,989	2.72%
Essex Bio-Technology Ltd	351,500	877,343	833,962	3.31%
Geely Automobile Holdings Ltd	108,000	745,850	695,505	2.76%
AAC Technologies Holdings Inc	17,000	426,180	171,323	0.68%
China Grand Pharmaceutical and Healthcare Holdings Ltd	72,000	170,257	187,095	0.74%
Duiba Group Ltd (<i>Note vi</i>)	382,200	542,739	155,451	0.62%
Real Gold Mining Ltd (<i>Note i</i>)	60,000	-	-	-
Sunny Optical Group Co Ltd	13,400	754,059	702,843	2.79%
Ten Pao Group Holdings Ltd	197,500	106,998	152,848	0.61%
Tencent Holdings Ltd	5,700	1,599,868	1,075,457	4.26%
Wanka Online Inc	583,000	251,911	116,915	0.46%
Xinyi Solar Holdings Ltd	128,000	876,945	624,734	2.48%
	1,932,400	7,976,823	5,403,122	21.43%
Jakarta Stock Exchange ("JSX")				
PT Erajaya Swasembada Tbk	1,555,100	251,911	172,638	0.68%
PT Bank Syariah Indonesia Tbk	1,399,200	87,248	511,167	2.03%
PT Astra Otoparts Tbk (Auto)	223,000	530,064	92,204	0.37%
PT Sarimelati Kencana Tbk	1,354,000	303,533	207,065	0.82%
	4,531,300	1,172,756	983,074	3.90%
Philippines Stock Exchange ("PHP")				
Global Ferronickel Holdings Inc	2,371,340	538,222	471,403	1.87%
Converge Information and Technology Solutions, Inc	154,000	249,120	193,685	0.77%
	2,525,340	787,342	665,088	2.64%
Korea Stock Exchange ("KE")				
Samsung Electronics Co Ltd	1,800	368,404	348,071	1.38%
Samsung SDI Co Ltd	200	448,107	413,322	1.64%
Seoul Semiconductor Co Ltd	10,600	399,701	374,367	1.48%
SK Hynix	3,000	1,026,898	786,780	3.12%
	15,600	2,243,110	1,922,540	7.62%

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

(c) Financial assets at FVTPL as at financial year end (Cont'd.)

2022 (Cont'd.)				Fair value as a percentage of NAV
Name of Counter	Quantity held	Cost RM	Fair value RM	
QUOTED SHARIAH-COMPLIANT EQUITIES OUTSIDE MALAYSIA (CONT'D.)				
Singapore Stock Exchange ("SGX")				
iX Biopharma Ltd	277,860	255,821	117,658	0.47%
Fibrechem Technologies Ltd (Note ii)	458,000	-	-	-
Sino Techfibre Ltd (Note iii)	1,400,000	-	-	-
	<u>2,135,860</u>	<u>255,821</u>	<u>117,658</u>	<u>0.47%</u>
TOTAL QUOTED SHARIAH- COMPLIANT EQUITIES OUTSIDE MALAYSIA				
	<u>16,068,949</u>	<u>13,199,959</u>	<u>9,799,026</u>	<u>38.86%</u>
UNQUOTED CONVERTIBLE LOAN STOCK OUTSIDE MALAYSIA				
Singapore Institute of Advanced Medicine Holdings Pte. Ltd. (Note iv)				
	<u>150,984</u>	<u>487,225</u>	<u>495,605</u>	<u>1.96%</u>
TOTAL FINANCIAL ASSETS AT FVTPL				
	<u>31,926,955</u>	<u>27,698,970</u>	<u>22,657,699</u>	<u>89.85%</u>
SHORTFALL OF FAIR VALUE OVER COST			<u>(5,041,271)</u>	

(i) **Real Gold Mining Ltd**

These securities had been suspended since 27 May 2011 and subsequently delisted on 2 April 2020. There is no fair value for said security.

(ii) **Fibrechem Technologies Ltd**

These securities had been suspended since 25 February 2009 and subsequently delisted on 1 November 2018. There is no fair value for said security.

(iii) **Sino Techfibre Ltd**

These securities had been suspended since 19 April 2011 and subsequently delisted on 14 February 2020. There is no fair value for said security.

(iv) **Singapore Institute of Advanced Medicine Holdings Pte. Ltd.**

The investment in unquoted convertible loan stock made by the Fund with Singapore Institute of Advanced Medicine Holdings Pte. Ltd. ("SIAMH") is convertible into ordinary shares upon the issuance of new ordinary shares pursuant to SIAMH's proposed initial public offering and listing on the Catalyst Board of Singapore Stock Exchange Securities Trading Limited ("the Proposed Listing"). The Proposed Listing exercise has yet to be completed as at the date of approval of these financial statements.

(v) **Alibaba Group Holding Ltd**

These securities had been classified as Shariah non-compliant effective from 23 June 2022. The stock has been reclassified as Shariah-compliant based on the list of Shariah-compliant securities by Shariah Advisory Council of the Securities Commission Malaysia dated 21 July 2023.

(vi) **Duiba Group Ltd**

These securities had been classified as Shariah non-compliant effective from 24 August 2021.

8. SHARIAH-BASED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	2023	2022
	RM	RM
Short-term deposits	<u>2,568,035</u>	<u>1,500,000</u>

The weighted average effective profit rate of the Fund's short-term deposits as at 31 December 2023 is 3.10% (2022 : 2.85%) per annum and had an original maturity period ranging from 7 to 9 days (2022 : 7 days).

9. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investments portfolio of the Fund is Shariah-compliant, which comprises :

- (i) Equity securities listed on Bursa Malaysia which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission Malaysia; and
- (ii) Liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

10. AMOUNT DUE FROM/(TO) MANAGER

	2023	2022
	RM	RM
Amount due from Manager arising from creation of units	52,946	286,975
Amount due to Manager for management fee payable	<u>(33,245)</u>	<u>(32,266)</u>
	<u>19,701</u>	<u>254,709</u>

11. INCOME DISTRIBUTION

Distributions to unitholders are from the following sources :

	2023	2022
	RM	RM
Dividend from local quoted Shariah-compliant investments	361,682	176,379
Profit from Shariah-based deposits with licensed financial institutions	67,654	32,396
Net realised gain from sale of Shariah-compliant investments	<u>267,294</u>	<u>359,957</u>
	696,630	568,732
Less:		
Expenses	<u>288,940</u>	<u>235,376</u>
Current year's realised income	407,690	333,356
Distribution out of previous financial year's realised reserves	<u>1,209,271</u>	<u>1,466,429</u>
Distribution for the financial year	<u>1,616,961</u>	<u>1,799,785</u>
Units in circulation at book closing date	43,118,941	35,995,698
Gross distribution per unit (sen)	3.75	5.00
Net distribution per unit (sen)	3.75	5.00
Date of distribution	<u>28.04.2023</u>	<u>22.04.2022</u>

12. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (TOTAL EQUITY)

	Note	2023	2022
		RM	RM
Unitholders' capital	(a)	31,232,918	29,938,277
Accumulated losses			
- Realised earnings	(b)	1,179,713	2,454,445
- Unrealised losses	(c)	<u>(7,095,716)</u>	<u>(7,164,258)</u>
		<u>(5,916,003)</u>	<u>(4,709,813)</u>
Total equity / Net asset value		<u>25,316,915</u>	<u>25,228,464</u>

12. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (TOTAL EQUITY) (CONT'D.)**(a) Unitholders' Capital**

	2023		2022	
	Number of units	Value RM	Number of units	Value RM
Balance at beginning of the financial year	42,789,348	29,938,277	36,071,132	25,865,061
Add: Creation of units	7,746,445	5,170,734	11,260,231	6,465,719
Less: Cancellation of units	(5,466,285)	(3,659,315)	(4,542,015)	(2,492,411)
Distribution equalisation	-	(216,778)	-	99,908
Balance at end of the financial year	<u>45,069,508</u>	<u>31,232,918</u>	<u>42,789,348</u>	<u>29,938,277</u>

The comparative information on the number of units has been restated to reflect the consistency with the register of unitholders maintained by the Manager. The restatement has no material impact on the financial statements of the Fund.

(b) Realised - Distributable

	2023 RM	2022 RM
Balance at the beginning of the financial year	2,454,445	3,730,003
Net income/(loss) after taxation	410,771	(3,056,245)
Net unrealised (gain)/loss attributable to Shariah-compliant investments held transferred to unrealised reserve	(68,542)	3,580,472
Distribution out of realised reserve	<u>(1,616,961)</u>	<u>(1,799,785)</u>
Balance at the end of the financial year	<u>1,179,713</u>	<u>2,454,445</u>

(c) Unrealised - Non-distributable

	2023 RM	2022 RM
Balance at the beginning of the financial year	(7,164,258)	(3,583,786)
Net unrealised gain/(loss) attributable to Shariah-compliant investments held transferred from realised reserve	<u>68,542</u>	<u>(3,580,472)</u>
Balance at the end of the financial year	<u>(7,095,716)</u>	<u>(7,164,258)</u>

13. NET ASSET VALUE PER UNIT

Net asset value attributable to unitholders is classified as equity in the statement of financial position.

For the purpose of calculation of net asset value attributable to unitholders per unit, quoted financial assets in the financial statements are stated at the last done market price consistent with that used for issuance and redemption of units in accordance with the Deeds.

14. UNITS HELD BY RELATED PARTIES

	2023		2022	
	Number of units	Valued at NAV RM	Number of units	Valued at NAV RM
Director of the Manager #	<u>789,348</u>	<u>443,535</u>	<u>20,894</u>	<u>12,321</u>

The Director of the Manager is a legal and beneficial owner of the units.

15. TRANSACTIONS WITH BROKERS

Details of transactions with stockbroking companies are as follows:

2023	Value of trade RM	Percentage of total trade	Brokerage Fees RM	Percentage of total brokerage fees
Phillip Capital	1,054,466	10.90%	2,180	8.78%
BRI Danareksa Sekuritas	1,017,707	10.52%	1,832	7.38%
CLSA Securities Malaysia Sdn Bhd	752,938	7.78%	6,881	27.70%
CCB International Securities Limited	648,589	6.70%	1,621	6.53%
CIMB Securities (Indonesia) Limited	498,011	5.15%	1,494	6.02%
Hong Leong Investment Bank	591,865	6.12%	894	3.60%
UOB Kay Hian Securities (M) Sdn Bhd	586,246	6.06%	1,202	4.84%
RHB Investment Bank Berhad	574,673	5.94%	1,154	4.65%
Kenanga Investment Bank Berhad	560,114	5.79%	766	3.08%
DBS Vickers Securities (Singapore) Pte. Ltd	528,473	5.46%	1,321	5.32%
Others	2,860,967	29.58%	5,492	22.10%
	<u>9,674,049</u>	<u>100.00%</u>	<u>24,837</u>	<u>100.00%</u>

2022	Value of trade RM	Percentage of total trade	Brokerage Fees RM	Percentage of total brokerage fees
CCB International Securities Limited	2,571,919	18.84%	6,430	20.57%
Maybank Investment Bank Berhad	1,590,219	11.65%	3,186	10.19%
Samsung Securities (Asia) Ltd-Korea	1,558,995	11.42%	5,456	17.46%
Bri Danareksa Sekuritas	1,346,741	9.87%	4,179	13.37%
CIMB Investment Bank Bhd	1,129,890	8.28%	3,803	12.17%
RHB Investment Bank Berhad	717,631	5.26%	1,615	5.17%
UOB Kay Hian Securities (M) Sdn Bhd	701,392	5.14%	1,440	4.61%
Kenanga Investment Bank Berhad	548,473	4.02%	1,115	3.57%
Affin Hwang Capital Investment Bank	548,371	4.02%	793	2.54%
Hong Leong Investment Bank	331,367	2.43%	208	0.67%
Others	2,605,165	17.09%	3,028	8.69%
	<u>13,650,163</u>	<u>100.00%</u>	<u>31,253</u>	<u>100.00%</u>

16. TOTAL EXPENSE RATIO

This is the ratio of the sum of the fees (inclusive of the manager, trustee, audit and other professional fees) and other administrative expenses of the Fund to the average NAV of the Fund calculated on a daily basis. The average NAV of the Fund for the financial year ended 31 December 2023 was RM25,893,489 (2022: RM24,191,372).

	2023	2022
Total expense ratio	<u>1.85%</u>	<u>1.89%</u>

17. PORTFOLIO TURNOVER RATIO

This is the ratio of the average of acquisitions and disposals of Shariah-compliant investments for the financial year to average NAV of the Fund for the financial year calculated on daily basis.

	2023	2022
Portfolio turnover (times)	<u>0.19</u>	<u>0.28</u>

18. SEGMENT INFORMATION

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

- A portfolio of Shariah-compliant equity instruments.
- A portfolio of Shariah-based financial instruments, i.e. Shariah-based deposits with financial institutions.

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

	Shariah Compliant Equity Portfolio RM	Shariah- Based Deposits Portfolio RM	Total RM
2023			
Gross dividend income	482,628	-	482,628
Profit from Shariah-based deposits with licensed financial institutions	-	61,736	61,736
Net gain from Shariah-compliant investments - financial assets at FVTPL	383,355	-	383,355
Net realised loss on foreign exchange	(2,330)	-	(2,330)
Total segment operating income for the financial year	<u>863,653</u>	<u>61,736</u>	<u>925,389</u>
Shariah-based deposits with licensed financial institutions	-	2,568,035	2,568,035
Financial assets at FVTPL	22,498,117	-	22,498,117
Other assets	28,337	666	29,003
Total segment assets	<u>22,526,454</u>	<u>2,568,701</u>	<u>25,095,155</u>
Amount due to brokers	3,799	-	3,799
Total segment liabilities	<u>3,799</u>	<u>-</u>	<u>3,799</u>
2022			
Gross dividend income	571,353	-	571,353
Profit from Shariah-based deposits with licensed financial institutions	-	106,883	106,883
Net loss from Shariah-compliant investments - financial assets at FVTPL	(3,258,708)	-	(3,258,708)
Net realised loss on foreign exchange	704	-	704
Total segment operating (loss)/income for the financial year	<u>(2,686,651)</u>	<u>106,883</u>	<u>(2,579,768)</u>
Shariah-based deposits with licensed financial institutions	-	1,500,000	1,500,000
Financial assets at FVTPL	22,657,699	-	22,657,699
Other assets	38,475	234	38,709
Total segment assets	<u>22,696,174</u>	<u>1,500,234</u>	<u>24,196,408</u>
Total segment liabilities	<u>-</u>	<u>-</u>	<u>-</u>

18. SEGMENT INFORMATION (CONT'D.)

Expenses of the Fund are not considered part of the performance of any operating segment. The following table provides a reconciliation between reportable segment income/(loss) and operating income/(loss).

	2023	2022
	RM	RM
Net reportable segment operating income/(loss)	925,389	(2,579,768)
Expenses	<u>(479,475)</u>	<u>(456,588)</u>
Net income/(loss) before taxation	445,914	(3,036,356)
Taxation	<u>(35,143)</u>	<u>(19,889)</u>
Net income/(loss) after taxation	<u>410,771</u>	<u>(3,056,245)</u>

In addition, certain assets and liabilities are not considered to be part of the assets or liabilities of an individual segment. The following table provides reconciliation between the total reportable segment assets and liabilities and total assets and liabilities of the Fund.

	2023	2022
	RM	RM
Total segment assets	25,095,155	24,196,408
Amount due from Manager	52,946	286,975
Cash at bank	236,964	800,286
Tax recoverable	10,453	5,370
Total assets of the Fund	<u>25,395,518</u>	<u>25,289,039</u>
Total segment liabilities	3,799	-
Amount due to Manager	33,245	32,266
Amount due to Trustee	2,287	2,281
Other payables and accruals	<u>39,272</u>	<u>26,028</u>
Total liabilities of the Fund	<u>78,603</u>	<u>60,575</u>

19. FINANCIAL INSTRUMENTS**(a) Classification of Financial Instruments**

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position, by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial assets at FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	RM	RM	RM	RM
2023				
Financial assets				
Shariah-compliant investments	22,498,117	-	-	22,498,117
Shariah-based deposits with licensed financial institutions	-	2,568,035	-	2,568,035
Amount due from Manager	-	52,946	-	52,946
Other receivables	-	29,003	-	29,003
Cash at bank	-	236,964	-	236,964
Total financial assets	<u>22,498,117</u>	<u>2,886,948</u>	<u>-</u>	<u>25,385,065</u>
Financial liabilities				
Amount due to Manager	-	-	33,245	33,245
Amount due to Trustee	-	-	2,287	2,287
Amount due to brokers	-	-	3,799	3,799
Other payables and accruals	-	-	<u>39,272</u>	<u>39,272</u>
Total financial liabilities	<u>-</u>	<u>-</u>	<u>78,603</u>	<u>78,603</u>

19. FINANCIAL INSTRUMENTS (CONT'D.)

(a) Classification of Financial Instruments (Cont'd.)

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2022				
Financial assets				
Shariah-compliant investments	22,657,699	-	-	22,657,699
Shariah-based deposits with licensed financial institutions	-	1,500,000	-	1,500,000
Amount due from Manager	-	286,975	-	286,975
Other receivables	-	38,709	-	38,709
Cash at bank	-	800,286	-	800,286
Total financial assets	22,657,699	2,625,970	-	25,283,669
Financial liabilities				
Amount due to Manager	-	-	32,266	32,266
Amount due to Trustee	-	-	2,281	2,281
Other payables and accruals	-	-	26,028	26,028
Total financial liabilities	-	-	60,575	60,575

(b) Fair Value

(i) Financial instruments that are carried at fair value

The Fund uses the following level of fair value hierarchy for determining and disclosing the fair value of financial instruments carried at fair value in the statement of financial position.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data

The Fund's financial assets at FVTPL are carried at fair value. The fair values of these financial assets were determined using prices in active markets for identical assets.

Fair value of quoted equity instruments is determined directly by reference to their published market prices on the relevant stock exchanges at the reporting date. The fair value of quoted equity instruments which have lost active trading market due to suspension in their trading, is determined by reference to their published net tangible assets.

The Fund held the following financial instruments carried at fair value on the statement of financial position as at the end of financial year :

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Financial assets at FVTPL				
- Quoted Shariah-compliant equities	21,972,979	-	-	21,972,979
- Unquoted convertible loan stock	-	-	525,138	525,138
	21,972,979	-	525,138	22,498,117
2022				
Financial assets at FVTPL				
- Quoted Shariah-compliant equities	22,162,094	-	-	22,162,094
- Unquoted convertible loan stock	-	-	495,605	495,605
	22,162,094	-	495,605	22,657,699

19. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Fair Value (Cont'd.)

(i) Financial instruments that are carried at fair value (Cont'd.)

The fair value of the Fund's investment in unquoted convertible loan stock is classified within Level 3 of the fair value hierarchy. Since the convertible loan stock is not traded in an active market and is of short-term in-nature pending the completion of the proposed initial public offering and listing exercise as explained in Note 7(c), the fair value of the unquoted convertible loan stock has been estimated to be equivalent to the cost of the Fund's investment.

(ii) Financial instruments not carried at fair value

Financial instruments not carried at fair value comprise financial assets and financial liabilities subsequently measured at amortised cost. The carrying amount of these financial instruments at the end of the financial year approximated their fair values due to their short-term to maturity.

20. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

The Fund maintains investment portfolios in a variety of quoted and unquoted financial instruments as dictated by its Deeds and investment management strategy.

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

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

(a) Market Risk

The Fund's principal exposure to market risk arises primarily due to changes or developments in the market environment and typically includes changes in regulations, politics and the economy of the country. Market risk is also influenced by global economics and geopolitical developments. The Fund seeks to diversify away some of this risk by investing into different sectors to mitigate risk exposure to any single asset class.

The Fund's market risk is affected primarily due to changes in market prices, profit rates and foreign currency exchange rates.

(i) Equity Price Risk

Equity price risk is the adverse changes in the fair value of Shariah-compliant equities as a result of changes in the levels of Shariah-compliant equity indices and the value of individual Shariah-compliant shares. The equity price risk exposure arises from the Fund's investments in quoted Shariah-compliant equity securities.

The table below demonstrates the sensitivity of the Fund's net income/(loss) after taxation and NAV to a reasonably possible change in equity prices, as at the end of the financial year with all other variables held constant :

	2023		2022	
	Impact on net income after taxation		Impact on net loss after taxation	
	Higher / RM	(Lower) RM	Lower / RM	(Higher) RM
Change in equity price by +6%/-6%	1,318,379 /	(1,318,379)	1,329,726 /	(1,329,726)

	2023		2022	
	Impact on NAV		Impact on NAV	
	Increase / RM	(Decrease) RM	Increase / RM	(Decrease) RM
Change in equity price by +6%/-6%	1,318,379 /	(1,318,379)	1,329,726 /	(1,329,726)

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

(a) Market Risk (Cont'd.)

(ii) Profit Rate Risk

This risk refers to the effect of profit rate changes on the valuation of unquoted fixed income securities. In the event of rising profit rates, the return on Shariah-based deposits with financial institutions will rise while valuation of unquoted fixed income securities will decrease and vice versa, thus affecting the net asset value of the Fund. Currently, the Fund does not have any investment in unquoted fixed income securities.

The Fund's exposure to profit rate risk associated with Shariah-based deposits with financial institutions is not material as they are based on a fixed rate.

(iii) Currency Risk

The Fund is exposed to currency risk primarily through its investments in overseas Shariah-compliant securities that are denominated in foreign currencies. The Fund's foreign currency exposure profile of its investments in Shariah-compliant securities is disclosed under Note 7(b). The currency risk is minimised by proper portfolio allocation and to avoid concentration in a single country.

The table below demonstrates the sensitivity of the Fund's net loss after taxation and NAV to +/- 10% change in foreign currency exchange rates as at the end of the financial year, with all other variables held constant :

	2023		2022	
	Impact on net income after taxation		Impact on net loss after taxation	
	Higher RM	(Lower) RM	Lower RM	(Higher) RM
- Australian Dollar	124,262	(124,262)	70,754	(70,754)
- Hong Kong Dollar	499,306	(499,306)	540,312	(540,312)
- Indonesian Rupiah	115,613	(115,613)	98,307	(98,307)
- South Korean Won	232,961	(232,961)	192,254	(192,254)
- Singapore Dollar	80,169	(80,169)	61,326	(61,326)
- Thailand Baht	14,169	(14,169)	-	-
- Philippines Peso	44,417	(44,417)	66,509	(66,509)
	<u>1,110,897</u>	<u>(1,110,897)</u>	<u>1,029,462</u>	<u>(1,029,462)</u>

(b) Credit Risk

The Fund's investments in Shariah-based deposits with licensed financial institutions and bank balances are of high credit ratings while short-term receivables including amount due from Manager are of short maturities; hence probability of their default on contractual obligations is deemed negligible. Accordingly, no allowance is required for their expected credit losses in accordance with the accounting policies as disclosed in Note 3.2. The carrying amount of the financial assets represents the maximum credit risk exposure for the Fund.

(c) Liquidity Risk

This risk occurs in thinly traded or illiquid Shariah-compliant securities. Should the Fund need to sell a relatively large amount of such securities, the act itself may significantly depress the selling price. As the Fund is exposed to daily redemption of units, the risk is minimised by placing a prudent level of funds in short-term Shariah-based deposits and by investing in Shariah-compliant stocks whose liquidity is adjudged to be commensurate with the expected exposure level of the Fund.

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

(c) Liquidity Risk (Cont'd.)

The following table summarises the maturity profile of the Fund's financial liabilities and the corresponding assets available to meet commitments associated with those financial liabilities and redemption by the unitholders.

	1 month - 3 months RM	Above 3 months RM	Total RM
2023			
Financial assets :			
- Financial assets at FVTPL	22,498,117	-	22,498,117
- Shariah-based deposits with licensed financial institutions	2,568,035	-	2,568,035
- Other assets	318,913	-	318,913
Total undiscounted financial assets	25,385,065	-	25,385,065
Non-financial assets	10,453	-	10,453
Total assets	25,395,518	-	25,395,518
Financial liabilities :			
- Other liabilities	78,603	-	78,603
Total undiscounted financial liabilities	78,603	-	78,603
Non-financial liabilities	-	-	-
Total liabilities	78,603	-	78,603
Unitholders' NAV	25,316,915	-	25,316,915
Liquidity gap	-	-	-
	1 month - 3 months	Above 3 months	Total
2022			
Financial assets :			
- Financial assets at FVTPL	22,657,699	-	22,657,699
- Shariah-based deposits with licensed financial institutions	1,500,000	-	1,500,000
- Other assets	1,125,970	-	1,125,970
Total undiscounted financial assets	25,283,669	-	25,283,669
Non-financial assets	5,370	-	5,370
Total assets	25,289,039	-	25,289,039
Financial liabilities :			
- Other liabilities	60,575	-	60,575
Total undiscounted financial liabilities	60,575	-	60,575
Non-financial liabilities	-	-	-
Total liabilities	60,575	-	60,575
Unitholders' NAV	25,228,464	-	25,228,464
Liquidity gap	-	-	-

20. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**(d) Stock Specific Risk**

The Fund is exposed to the individual risk of the respective companies issuing Shariah-compliant securities which includes changes to the business performance of the company, consumer tastes and demand, lawsuits and management practices. This risk is minimised through the well diversified nature of the Fund.

(e) Single Issuer Risk

The Fund's exposure to Shariah-compliant securities issued by any issuer is limited to not more than a certain percentage of its net asset value. Under such restriction, the risk exposure to the securities of any issuer is minimised.

(f) Reclassification of Shariah Status Risk

This risk refers to the risk that the currently held Shariah-compliant securities in the portfolio of Shariah-based funds may be reclassified to be Shariah non-compliant upon review of the securities by the Shariah Advisory Council of the Securities Commission Malaysia ("SACSC") performed twice yearly. If this occurs, the value of the Fund may be adversely affected where the Manager will take the necessary steps to dispose of such securities.

(g) Capital Management

The capital is represented by unitholders' subscription to the Fund. The amount of capital can change significantly on a daily basis as the Fund is subject to daily redemption and subscription at the discretion of unitholders. The Manager manages the Fund's capital with the objective of maximising unitholders' value, while maintaining sufficient liquidity to meet unitholders' redemption as explained in Note 20(c) above.



For enquiries about the Funds offered by Pheim Unit Trusts Berhad,
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