
ASTUTE QUANTUM FUND (AQF)

(formerly known as Apex Quantum Fund)

AUDITED ANNUAL REPORT

For The Financial Year Ended 31 December 2022

ASTUTE QUANTUM FUND
(formerly known as Apex Quantum Fund)

CONTENTS

1. FUND INFORMATION.....	2
2. FUND PERFORMANCE.....	3
3. MANAGER'S REPORT	4
4. TRUSTEE'S REPORT	9
5. INDEPENDENT AUDITOR'S REPORT	10
6. STATEMENT BY MANAGER.....	13
6.1 STATEMENT OF AUDITED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	14
6.2 STATEMENT OF AUDITED FINANCIAL POSITION	15
6.3 STATEMENT OF AUDITED CHANGES IN NET ASSET VALUE	16
6.4 STATEMENT OF AUDITED CASH FLOWS	17
6.5 NOTES TO THE AUDITED FINANCIAL STATEMENTS	18
7. DIRECTORY.....	40

1. FUND INFORMATION

NAME OF FUND	Astute Quantum Fund (AQF) (formerly known as Apex Quantum Fund)																	
TYPE OF FUND	Growth and Income																	
CATEGORY OF FUND	Mixed Asset																	
INVESTMENT OBJECTIVE	To invest in stock listed under Bursa Malaysia Main Market. The Fund Manager is allowed to invest in equity up to 100% of the Net Asset Value (NAV) of the Fund. The investment mandate is further subject to a minimum investment of 40% of the NAV, in stocks or fixed income instruments or any other form of investment instruments which provided regular payments of dividends or its equivalent and permitted by the Securities Commission.																	
PERFORMANCE BENCHMARK	Weighted average of: ❖ 60% of FBM KLCI ❖ 40% of Maybank Berhad 1-year fixed deposit rate (Source: Bursa Malaysia and Maybank Berhad) <i>“The risk profile of the performance benchmark is not the same as the risk profile of the Fund.”</i>																	
FUND DISTRIBUTION POLICY	Distribution is at the discretion of the Manager. If income distributed, it will be automatically re-invested via issuance of additional Units in the Fund. Generally, in the absence of written instructions from the Unitholders, income for the Fund will be automatically reinvested into additional Units of the Fund at NAV per Unit on income payment date. Unitholders who wish to realise any income can do so by redeeming Units held in the Fund. For reinvestment into additional units, no sales charges will be imposed.																	
UNITS HELD BY THE MANAGER AND DIRECTORS OF THE MANAGER	<table><tr><th></th><th>2022 (Unit)</th><th>2021 (Unit)</th></tr><tr><td>Director of the Manager</td><td>316,291</td><td>-</td></tr></table>							2022 (Unit)	2021 (Unit)	Director of the Manager	316,291	-						
	2022 (Unit)	2021 (Unit)																
Director of the Manager	316,291	-																
DISCLOSURE ON INCOME DISTRIBUTION	<table><tr><th>Declaration</th><th>Entitlement Date</th><th>Ex Date</th><th>Reinvest Price</th><th>NAV Before</th><th>NAV After</th></tr><tr><td>Nil</td><td></td><td></td><td></td><td></td><td></td></tr></table>						Declaration	Entitlement Date	Ex Date	Reinvest Price	NAV Before	NAV After	Nil					
Declaration	Entitlement Date	Ex Date	Reinvest Price	NAV Before	NAV After													
Nil																		

2. FUND PERFORMANCE

Summary of performance data is as follows:

	31.12.2022	31.12.2021	31.12.2020	
	RM	RM	RM	
Portfolio Composition:				
- Equity securities	89.81	94.60	96.45	
- Liquid assets and others	10.19	5.40	3.55	
Net Assets Value (RM)	334,356	1,437,648	1,433,972	
Number of Units in Circulation	1,559,355	5,666,704	5,951,739	
Net Asset Value per Units (RM)	0.2144	0.2537	0.2409	
Highest NAV Price for the period under review (RM)	0.2550	0.2646	0.2409	
Lowest NAV Price for the period under review (RM)	0.2000	0.2316	0.1588	
Total Return for the period under review (RM)				
- Capital growth	(154,018)	(137,044)	264,269	
- Income distribution	Nil	Nil	Nil	
Gross Distribution Per Unit (RM)	Nil	Nil	Nil	
Net Distribution Per Unit (RM)	Nil	Nil	Nil	
Total Expenses Ratio (TER) (%)	3.90*	2.13	2.29	
<i>*The TER for the financial year was higher compared with the previous financial year due to lower average NAV which has resulted in higher TER for certain non-variable expenses.</i>				
Portfolio Turnover Ratio (PTR) (times)	2.19*	0.53	0.87	
<i>*the PTR for the financial year was higher compared with previous financial year as there were increased investment activities during the financial year under review.</i>				
	Total Return		Average Total Return	
	AQF	Index	AQF	Index
1 Year	-15.49	-1.74	-15.49	-1.74
3 Year	3.03	-0.37	1.01	-0.12
5 Year	-0.69	-4.84	-0.14	-0.97
Since Inception 11 May 2010 (re-launch)	-14.28	25.58	-1.13	2.02
Annual total return for each of the last five financial year ended	AQF		Index	
31.12.2022	-15.49		-1.74	
31.12.2021	5.31		-1.36	
31.12.2020	15.76		2.80	
31.12.2019	11.46		-2.35	
31.12.2018	-13.52		-2.18	

Source: Bloomberg

*Notes:

1. Total returns as at 31.12.2022. Total returns are calculated based on NAV per unit, adjusted for income distribution, if any.
2. The basis of calculation for the average total return is by dividing the total return by the numbers of years.

Past performance is not necessarily indicative of future performance. Unit prices and investment returns may fluctuate.

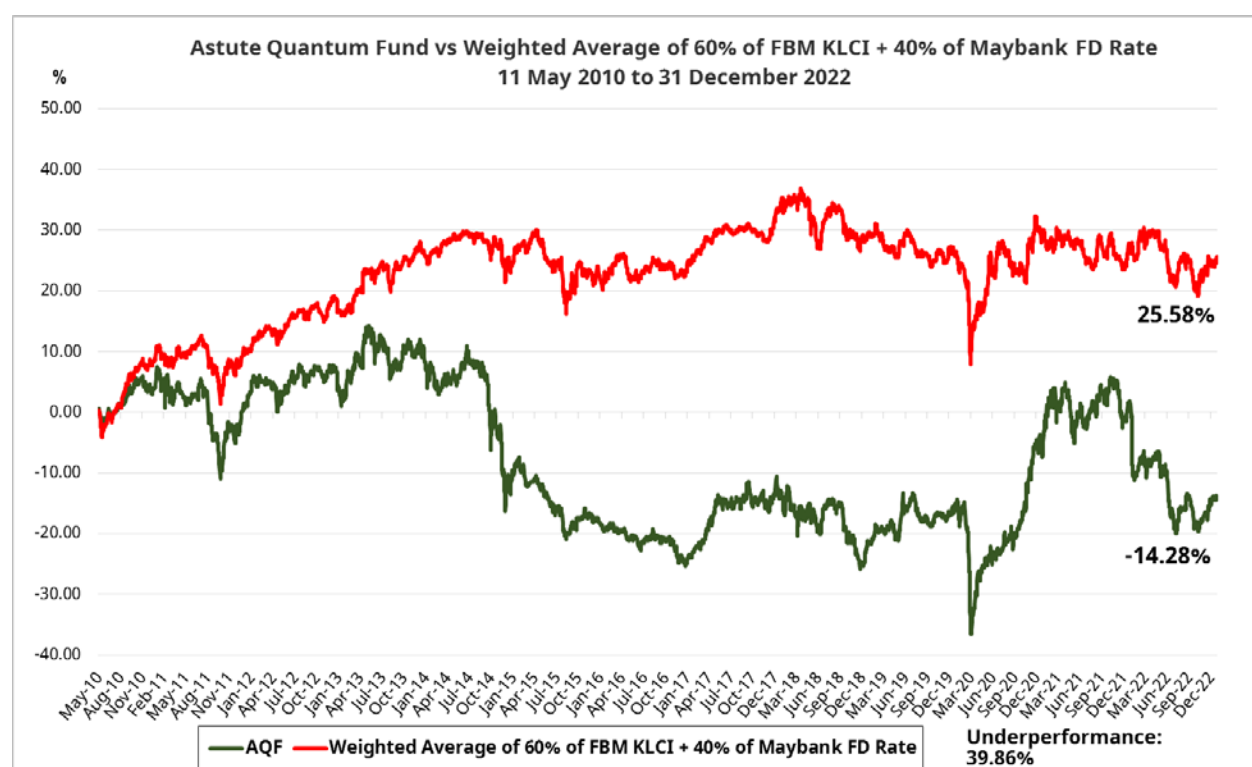
3. MANAGER'S REPORT

The Fund has not achieved its stated objective to provide capital growth and income. For the period ended 31st December 2022, the Fund had achieved a total return of -14.28% since 11th May 2010. The benchmark return was 25.58% for the same period.

PERFORMANCE ANALYSIS

For the one-year period ended 31st December 2022, the Fund achieved a return of -15.49% compare to the benchmark return of -1.74%, resulting in the underperformance against the benchmark of 13.75%. The total NAV of the Fund decreased to RM 334,356 as at 31st December 2022 from RM 1,437,648 as at 31st December 2021. The decrease in NAV was mainly due to the redemption by unitholder.

PERFORMANCE OF ASTUTE QUANTUM FUND VS BENCHMARK INDEX SINCE 11 MAY 2010 TO 31 DECEMBER 2022 AQF HAS UNDERPERFORMED THE BENCHMARK INDEX BY 39.86%



Source: Bloomberg

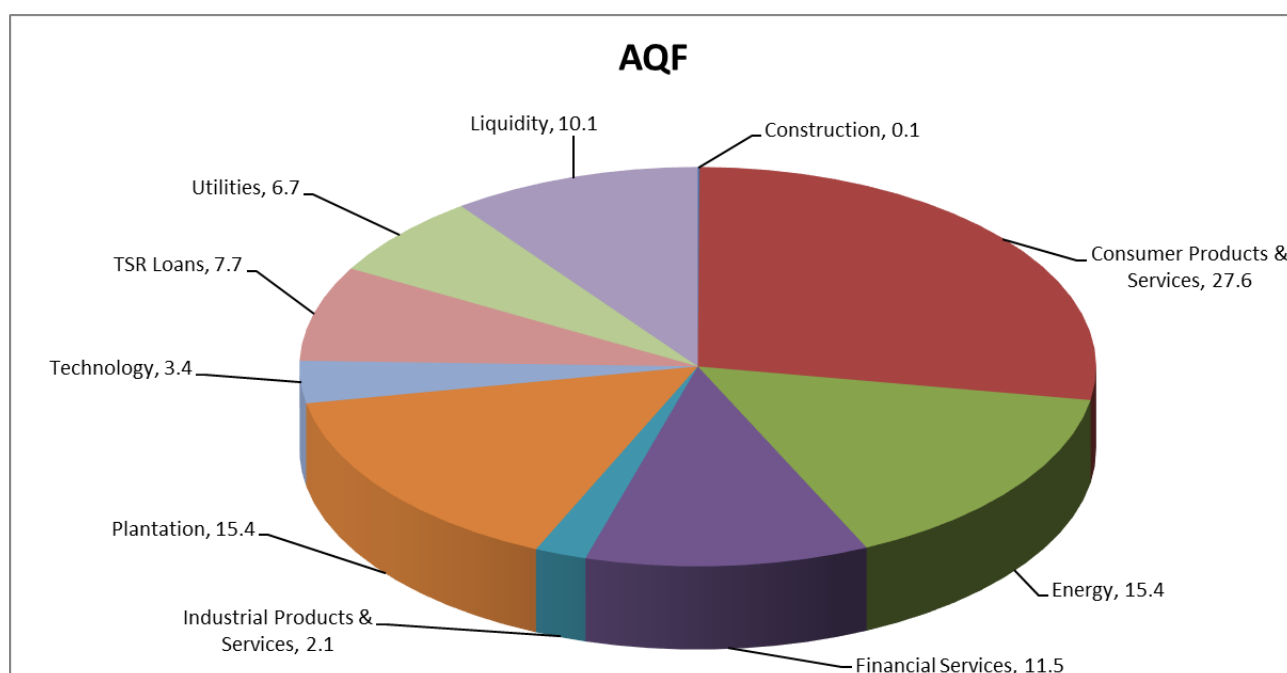
STRATEGIES EMPLOYED

The Fund has adopted a top-down and bottoms up approach as its investment strategy. The investment policy is to invest in mostly undervalued companies with good potential for growth.

The fund consists of only shares or warrants that are listed on Bursa Malaysia. In terms of market sectors, the Fund is mainly concentrated in areas such as financial, energy and consumer products.

The investment strategy will remain centred on well-managed liquid stocks that exhibit good growth prospects with strong earnings visibility. Stocks with strong cash flows, decent yield and has proactive management will also be considered.

ASSET ALLOCATION



ASSET ALLOCATION BY SECTOR ASAT 31 DECEMBER 2022

QUOTED SECURITIES	31 DEC 2022	31 DEC 2021
Construction	0.1	5.4
Consumer Products & Services	27.6	11.2
Energy	15.4	11.0
Financial Services	11.5	8.3
Industrial Products & Services	2.1	6.3
Plantation	15.4	-
REITS	-	7.2
Technology	3.4	30.0
Transportation & Logistics	-	5.0
Telecommunications & Media	-	-
TSR Loans	7.7	4.3
Utilities	6.7	6.0
Liquidity	10.1	5.3

MARKET REVIEW

During the first half of 2022, financial markets were weighed down by various headwinds that arose from high inflation. The start of the Russia-Ukraine war in the first quarter, and China's Covid-19 lockdowns in the second quarter under its zero-tolerance policy crimped commodity supplies and disrupted manufacturing processes and supply chains, leading to high inflation. Central banks worldwide started raising interest rates and tightening monetary policy which slowed economic growth momentum and raised fears of an economic recession.

The first half saw commodity-related equities rallied as crude oil, gas and coal prices rose. Brent oil prices rose above US\$100/bbl as supply tightened alongside rising demand from post-COVID economic recovery. The tight situation led prices to reach a 10-year high of US\$120/bbl by the end of May. The tight supply conditions were exacerbated by the Russia-Ukraine war which led to countries imposing sanctions on Russian exports such as oil, aluminium, natural gas and others. This created knock on effects which sent other commodity prices higher across metals and agricultural commodities.

Alongside the higher commodity equity prices, consumer stocks also rose in the first half of 2022 after the government announced the move to COVID endemic phase and the easing of travel restrictions from April 2022 onwards.

Worldwide, higher commodity prices induced higher inflation. For instance, the US reported that its June 2022 inflation at a four-decade high of 9% YoY, led by higher food and energy costs. The US Federal Reserve and other central banks responded by raising policy rates to curb inflation. In June alone, the US aggressively hiked rates by 75 bps after raising 25 bps in March and 50 bps in May.

Meanwhile, Malaysia only raised its rates by 25 bps in the first half as local inflation numbers are were relatively lower due to higher subsidies from the government. Regardless, the start of the global rate-hiking cycle caused markets to trend lower and sparked fears that an "overly-aggressive" Fed tightening may lead to an economic recession.

The second half of 2022 saw an acceleration of the global rate hike cycle as central banks moved to cool inflation. The US Federal Funds Effective Rate ("US FFER") rose from 1.21% in June to 4.10% in December. As rates rose, the US 10-year Treasury yields rose from 2.95% at the end of June to peak at 4.21% in mid-October. Between July to December, Malaysia raised the Overnight Policy Rate from 2.00% to 2.75% in attempts to keep pace with the US FFER whilst mitigating the Malaysian Ringgit's decline against the US Dollar.

Companies and sectors with high borrowings, operating in cyclical, industrials and technology sectors and markets were hard-hit by the rising inflation, interest rates (lowering profitability), downturn in semiconductor and smartphone sales, higher bond yields (impacting stock valuations). Global chipmakers started guiding for lower sales and expansion expenditures for 2023. Amidst rising concerns of high interest rates causing economies to fall into a recession, commodity prices started declining. As recession risks heightened, even production cuts in crude oil failed to sustain prices as it fell from nearly US\$130/bbl to the US\$70/bbl levels. Other commodity prices started to decline from the third quarter onwards.

In the fourth quarter of 2022, uncertainties in the run-up to Malaysia's general elections persisted to the year-end even though the new Prime Minister gained a motion of confidence in Parliament. Reprieve was seen after global markets rebounded from intra-year lows in October after US inflation started declining as commodity prices fell, COVID-related logistics bottlenecks eased and China rapidly reversed from its zero-tolerance policy on COVID. The US Fed Fund futures also implied a peaking of US interest rates at 5.00% in the first half of 2023, prompting regional and local technology sectors to rebound in the fourth quarter of 2022.

During the year, the main sectors that outperformed the local market benchmark were plantations (fears of edible oil shortages from the Russia-Ukraine war), construction (driven by capital repayments by a large-cap contractor), consumer (rebound in spending after Malaysia relaxed travel restrictions in April 2022), financials (expansion in net interest margins from rising OPR and rebound in loans growth from economic reopening), transportation (benefitted from the relaxation of COVID-19 travel restrictions and rebound in trade) and utilities (defensive during volatile markets).

Sectors that underperformed the market barometer on a full-year basis were technology (due to downturn in the global technology cycle and higher bond yields), healthcare (fall in glove selling prices as COVID transited to endemic stage and travel restrictions were lifted), and property (impacted by rising interest rates).

MARKET OUTLOOK

The Fund benefitted from the rotation from "growth" stocks such as technology to "value" stocks whose underlying businesses were in primary industries. As the US Fed postured to raise rates this year, growth stocks fell, whereas Malaysia, with a dominant plantation sector, become more attractive as its markets are dominated by "old economy" value plays and beneficiaries of the commodity price surges.

Early in the year, the Fund reduced exposure to technology and was less impacted by the sector's sell-off. The funds exposure commodity-related sectors such as agriculture benefited. Similarly, the fund's exposure in financials, utilities, construction, and consumers benefited.

In the second half of the year, the Fund increased cash levels to cushion against high volatility amidst higher interest rates and strengthening US Dollar, which exacerbated outflows from financial markets.

Going into 2023, the Fund's investment posture is positive. Based on indicators as at the end of December 2022, Malaysia remains cheap at a 2023 price-earnings ratio ("PER") of 14.6x (-1.0 standard deviation, below its 5-year average of 16.1x). Price-to-book ratio and dividend yields are also attractive at 1.4x (below the 5-year average of 1.55x) and 4.3% (above its 5Y average of 3.6%).

Additional upside catalysts for the market includes the end of the US policy rate hike cycle, falling inflation and bond yields (positive for growth equities, such as technology), and depreciating US Dollar (positive for funds flows into regional and local equities). In Malaysia, any significant reforms by the new government may be regarded positively by foreign investors and prompt a re-rating of Malaysian equities.

Aside from investing in attractively-valued companies, the Fund is expected to raise exposure to sectors linked to the China reopening (e.g. hospitality, consumer, commodities, and industrial products) and lower bond yields (e.g. real estate, technology).

SOFT COMMISSION

The Manager will retain soft commissions received from stockbrokers, provided they are of demonstrable benefit to the Unitholders. The soft commissions may take form of goods and services such as data and quotation services, computer software and investment related publications which are incidental to the management of the Fund. Rebates, if any, will be directed to the account of the Fund.

During the period under review the Manager received data and quotation services and investment related publications which are incidental to the Fund investment.

4. TRUSTEE'S REPORT

**To the unit holders of ASTUTE QUANTUM FUND
(formerly known as Apex Quantum Fund) ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 31 December 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, ASTUTE FUND MANAGEMENT BERHAD has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

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

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

JUANITA BINTI SUHAIMI
Unit Head, Unit Trust Operations

Kuala Lumpur, Malaysia
Date: 27 February 2023

5. INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF ASTUTE QUANTUM FUND (FORMERLY KNOWN AS APEX QUANTUM FUND)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Astute Quantum Fund (formerly known as Apex Quantum Fund)**, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in net asset value and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 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 2022 and of its financial performance, changes in net asset value and cash flows of the Fund for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

5. INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF ASTUTE QUANTUM FUND (FORMERLY KNOWN AS APEX QUANTUM FUND) (CONT'D)

Responsibilities of the Manager and Trustee for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism 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.

**5. INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
ASTUTE QUANTUM FUND
(FORMERLY KNOWN AS APEX QUANTUM FUND) (CONT'D)**

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

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

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

OTHER MATTERS

This report is made solely to the 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.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

27 February 2023

Ooi Song Wan
02901/10/2024 J
Chartered Accountant

6. STATEMENT BY MANAGER

We, **Clement Chew Kuan Hock** and **Y.M. Dato' Tunku Ahmad Zahir Bin Tunku Ibrahim**, being two of the directors of **Astute Fund Management Berhad (formerly known as Apex Investment Services Berhad)**, do hereby state that, in the opinion of the Manager, the accompanying financial statements of **Astute Quantum Fund (formerly known as Apex Quantum 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 **Astute Quantum Fund (formerly known as Apex Quantum Fund)**, as at 31 December 2022 and of its financial performance and cash flows for the financial year ended on that date.

For and on behalf of the Manager,

Astute Fund Management Berhad
(formerly known as Apex Investment Services Berhad)

CLEMENT CHEW KUAN HOCK
Director

Kuala Lumpur, Malaysia

27 February 2023

Y.M. DATO' TUNKU AHMAD ZAHIR
BIN TUNKU IBRAHIM
Director

6.1 STATEMENT OF AUDITED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2022

	Note	2022 RM	2021 RM
INVESTMENT (LOSS)/INCOMR			
Gross dividend income		15,541	37,200
Realised gain on sale of investments		85,366	205,471
Unrealised loss on financial assets at fair value through profit and loss ("FVTPL")		(154,018)	(137,044)
Other income		810	1,487
		<u>(52,301)</u>	<u>107,114</u>
LESS: EXPENSES			
Management's fee	5	5,398	22,310
Trustee's fee	6	180	744
Auditors' remuneration		4,000	4,000
Tax agent's fee:			
- current financial year		3,035	2,250
- underprovision in the previous financial year		-	200
Administrative expenses		1,459	2,193
Transaction costs		7,500	5,290
		<u>21,572</u>	<u>36,987</u>
NET (LOSS)/INCOME BEFORE TAXATION		(73,873)	70,127
INCOME TAX EXPENSE	7	-	(273)
NET (LOSS)/INCOME AFTER TAXATION FOR THE FINANCIAL YEAR		(73,873)	69,854
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE FINANCIAL YEAR		<u>(73,873)</u>	<u>69,854</u>
Total comprehensive income/(expenses) for the financial year is made up as follows:-			
- realised		80,145	206,898
- unrealised		(154,018)	(137,044)
		<u>(73,873)</u>	<u>69,854</u>

The annexed notes form an integral part of these financial statements.

6.2 STATEMENT OF AUDITED FINANCIAL POSITION

At 31 December 2022

	Note	2022 RM	2021 RM
ASSETS			
INVESTMENT			
Quoted investments	8	300,275	1,360,060
OTHER ASSETS			
Current tax asset		4,585	4,585
Cash at bank		39,193	81,104
		<u>43,778</u>	<u>85,689</u>
TOTAL ASSETS		<u>344,053</u>	<u>1,445,749</u>
NET ASSET VALUE ("NAV") AND LIABILITY			
NAV			
Unitholders' capital		189,032	1,218,451
Retained earnings		145,324	219,197
		<u>334,356</u>	<u>1,437,648</u>
TOTAL NAV	9	<u>334,356</u>	<u>1,437,648</u>
LIABILITIES			
Accruals		9,271	6,250
Amount owing to Manager		412	1,791
Amount owing to Trustee		14	60
		<u>9,697</u>	<u>8,101</u>
TOTAL LIABILITY		<u>9,697</u>	<u>8,101</u>
TOTAL NAV AND LIABILITY		<u>344,053</u>	<u>1,445,749</u>
NUMBER OF UNITS IN CIRCULATION	9.1	<u>1,559,355</u>	<u>5,666,704</u>
NAV PER UNIT (RM)		<u>0.2144</u>	<u>0.2537</u>

The annexed notes form an integral part of these financial statements.

Astute Quantum Fund (formerly known as Apex Quantum Fund)

6.3 STATEMENT OF AUDITED CHANGES IN NET ASSET VALUE

For the Financial Year Ended 31 December 2022

	Note	Unitholders' Capital RM	Retained Earnings RM	Total NAV RM
At 1 January 2021		1,284,629	149,343	1,433,972
Net gain after taxation/Total comprehensive income for the financial year		-	69,854	69,854
Contribution by the unitholders of the Fund/ Total transactions with unitholders of the Fund:				
- creation of units	9.1	55,500	-	55,500
- cancellation of units	9.1	(121,678)	-	(121,678)
Total transactions with unitholders of the Fund		(66,178)	-	(66,178)
At 31 December 2021/1 January 2022		1,218,451	219,197	1,437,648
Net loss after taxation/Total comprehensive expense for the financial year		-	(73,873)	(73,873)
Contribution by the unitholders of the Fund/ Total transactions with unitholders of the Fund:				
- creation of units	9.1	123,320	-	123,320
- cancellation of units	9.1	(1,152,739)	-	(1,152,739)
Total transactions with unitholders of the Fund		(1,029,419)	-	(1,029,419)
Balance at 31 December 2022		189,032	145,324	334,356

The annexed notes form an integral part of these financial statements.

6.4 STATEMENT OF AUDITED CASH FLOWS

For the Financial Year Ended 31 December 2022

	2022 RM	2021 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	1,284,859	827,996
Purchase of investments	(293,726)	(736,584)
Dividend income received	15,541	37,330
Management fee paid	(6,777)	(22,269)
Trustee's fee paid	(226)	(742)
Payment for other fees and expenses	(12,973)	(13,733)
Other income received	810	1,487
NET CASH FROM OPERATING AND INVESTING ACTIVITIES	987,508	93,485
NET CASH FOR FINANCING ACTIVITIES		
Received from creation of units	123,320	55,500
Payment for cancelled units	(1,152,739)	(121,678)
NET CASH FOR FINANCING ACTIVITIES	(1,029,419)	(66,178)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(41,911)	27,307
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	81,104	53,797
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	39,193	81,104

The annexed notes form an integral part of these financial statements.

6.5 NOTES TO THE AUDITED FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2022

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Astute Quantum Fund (formerly known as Apex Quantum Fund) was constituted pursuant to the execution of a Deed dated 19 June 2000, Supplemental Deed dated 20 December 2000, Second Supplemental Deed dated 9 March 2006, Third Supplemental Deed dated 23 February 2010 and Fourth Supplemental Deed dated 3 August 2015, between the Manager, Astute Quantum Fund (formerly known as Apex Quantum Fund), the Trustee, AmTrustee Berhad and the registered Unitholders of the Fund. Fifth Supplemental Deed dated 15 April 2016 was executed for the change of Trustee from AmTrustee Berhad to Maybank Trustees Berhad. Sixth Supplemental Deed dated 22 April 2022 between the Manager and the Trustee modified the name of the Manager and the name of the Fund.

The principal activity of the Fund is to invest in “Permitted Investments” as defined in the Seventh Schedule of the Deed. The Fund commenced operations on 28 June 2000 (commencement date) and will continue its operations until its termination by the Trustee or the Manager as provided under Clauses 7.2 and 7.4 of the Deed.

The investment objective of the Fund is to invest in stocks listed under the Bursa Malaysia Main Market. The Manager of the Fund is allowed to invest in equity up to 100% of the NAV of the Fund. The investment mandate is further subjected to a minimum investment of 40% of the NAV, in stocks or fixed income instruments or any other form of investment instruments which provide regular payment of dividends or its equivalent and permitted by the Securities Commission Malaysia.

The Manager, Astute Quantum Fund (formerly known as Apex Quantum Fund), is a company incorporated in Malaysia. The principal activity of the Manager is the management of unit trust funds.

The financial statements were approved by the Board of Directors of the Manager on 27 February 2023.

2. CHANGE OF NAME

On 24 May 2022, the Fund changed its name from Apex Quantum Fund to Astute Quantum Fund.

3. BASIS OF PREPARATION

The financial statements of the Fund are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards (“IFRSs”).

- 3.1 During the current financial year, the Fund has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020

3. BASIS OF PREPARATION (CONT'D)

- 3.1 During the current financial year, the Fund has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) (Cont'd):-

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Fund's financial statements.

- 3.2 The Fund has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17: Initial Application of MFRS17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Fund upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made 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 other than as disclosed below:-

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Fund recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Fund's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

4.2 FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of the Fund is the currency of the primary economic environment in which the Fund operates.

The financial statements of the Fund are presented in Ringgit Malaysia ("RM") which is the functional and presentation currency of the Fund.

4.3 INCOME RECOGNITION

The income recognition policies for each of the Fund's major activities are as follows:-

(a) Dividend Income

Dividend income from investments is recognised when the right to receive dividend payment is established.

(b) Realised Gains or Losses on Sale of Investments

Realised gain or loss on the sale of an investment is recognised when the sales is contracted, based on the sale proceeds less cost which is determined on the weighted average cost basis.

(c) Interest Income

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rates applicable.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and 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 changes in net asset value).

(b) Deferred Tax

Deferred tax is recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly changes in NAV.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when the Fund has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interests, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Fund has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either their amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss (FVTPL)

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Fund reclassifies debt instruments when and only when its business model for managing those assets change.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognized in profit or loss except where the Fund has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognized in profit or loss when the Fund's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Unitholders' Capital

Unitholders' capital are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

The unitholders' contributions to the Fund meet the criteria of puttable instruments classified as equity instruments under MFRS 132 – Financial Instruments Presentation. Those criteria include:-

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity instruments (Cont'd)

(i) Unitholders' Capital (Cont'd)

- the units entitle the holder to a proportionate share of the Fund's NAV;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based on substantially on the profit or loss of the Fund.

(ii) NAV Attributable to Unitholders

NAV attributable to unitholders represents the total NAV in the statement of financial position, which is carried at the redemption amount that would be payable at the end of the reporting period if the unitholders exercised the right to redeem units of the Fund.

Units are created or cancelled at prices based on the Fund's NAV per unit at the time of the creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to the unitholders with the total issued and paid-up units as of that date.

(iii) Distributions

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a reduction from realised reserves. A proposed distribution is recognised as a liability in the period in which it is approved.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss.

In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 IMPAIRMENT OF FINANCIAL ASSETS

The Fund recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, receivables, short - term deposits with financial institutions and cash at bank.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Fund in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Fund always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Fund recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses.

The Fund recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

4.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4.8 CLASSIFICATION OF REALISED AND UNREALISED GAINS AND LOSSES

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

Realised gains and losses on disposal of financial instruments classified as part of at fair value through profit or loss are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 OPERATING SEGMENTS

An operating segment is a component of the Fund that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Fund's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.10 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

5. MANAGEMENT'S FEE

Clauses 6.1 and 6.2 of the Deed provides that the Manager is entitled to a management fee computed daily on the net asset value attributable to unitholders of the Fund at a maximum rate of 2% (2021 - 2%) per annum. The management fee recognised in the financial statements is computed based on 1.5% (2021 - 1.5%) per annum for the financial year.

6. TRUSTEE'S FEE

Trustee is entitled to a fee at such rate as may be agreed from time to time between the Manager and the Trustee. The Trustee's fee recognised in the financial statements is computed daily at 0.05% (2021 - 0.05%) per annum of the net asset value attributable to unitholders of the Fund.

7. INCOME TAX EXPENSE

	2022 RM	2021 RM
Current tax expense	-	273

A reconciliation of income tax expense applicable to the net (loss)/income before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Fund is as follows:-

	2022 RM	2021 RM
Net (loss)/income before taxation	(73,874)	70,127
Tax at the statutory tax rate of 24% (2021 - 24%)	(17,730)	16,830
Tax effects of:-		
Non-taxable income	(3,924)	(9,285)
Net non-taxable gains on investments	16,477	(16,422)
Non-deductible expenses	5,177	9,150
Income tax expense for the financial year	-	273

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021 - 24%) of the estimated assessable profit for the financial year.

8. QUOTED INVESTMENTS

	2022 RM	2021 RM
Quoted investments held in Malaysia, at fair value:		
- equity investments	274,483	1,195,509
- non-equity investments	25,792	164,551
	300,275	1,360,060

8. QUOTED INVESTMENTS (CONT'D)

	Number Of Shares	At Cost RM	At Fair Value RM	Percentage of NAV of The Fund %
At 31 December 2022				
EQUITY INVESTMENTS IN MALAYSIA				
BURSA MALAYSIA SECURITIES MAIN MARKET				
CONSTRUCTION				
Gamuda Berhad	62	157	233	0.07
CONSUMER PRODUCTS & SERVICES				
3A Resources Berhad	20,700	21,715	20,493	6.13
Carlsberg Brewery Malaysia Berhad	600	13,118	13,728	4.11
Genting Malaysia Berhad	5,700	16,806	15,333	4.59
Hong Leong Industries Berhad	1,700	15,544	15,640	4.68
MBM Resources Berhad	4,000	13,523	13,120	3.92
Malayan Flour Mills Berhad	9,500	6,628	7,220	2.16
Tomei Consolidated Berhad	6,800	6,497	6,800	2.03
		93,831	92,334	27.62
ENERGY				
Dialog Group Berhad	12,300	29,524	30,135	9.01
Hibiscus Petroleum Berhad	19,800	20,776	21,186	6.34
		50,301	51,321	15.35
FINANCIAL SERVICES				
Hong Leong Financial Group Berhad	600	9,673	11,160	3.34
Malayan Banking Berhad	3,135	27,369	27,275	8.16
		37,042	38,435	11.50
INDUSTRIAL PRODUCTS AND SERVICES				
Annjoo Resources Berhad	6,300	6,920	6,867	2.05
PLANTATION				
Innoprise Plantations Berhad	16,000	27,501	25,440	7.61
United Plantations Berhad	1,700	25,689	26,010	7.78
		53,190	51,450	15.39

8. QUOTED INVESTMENTS (CONT'D)

At 31 December 2022 (Cont'd)	Number of Shares	At Cost RM	At Fair Value RM	Percentage of NAV of The Fund %
EQUITY INVESTMENTS IN MALAYSIA (CONT'D)				
TECHONLOGY MI Technovation Berhad	8,800	11,616	11,440	3.42
UTILITIES Taliworks Corporation Berhad	25,900	20,694	22,403	6.70
TOTAL QUOTED EQUITY INVESTMENTS IN MALAYSIA		273,751	274,483	82.10
NON-EQUITY INVESTMENTS IN MALAYSIA				
TSR LOANS Hume Industry Berhad - LA	19,840	20,080	25,792	7.71
TOTAL QUOTED NON-EQUITY INVESTMENTS IN MALAYSIA		20,080	25,792	7.71
TOTAL QUOTED INVESTMENTS		293,831	300,275	89.81

At 31 December 2021	Number Of Shares	At Cost RM	At Fair Value RM	Percentage of NAV of The Fund %
EQUITY INVESTMENTS IN MALAYSIA				
<u>BURSA MALAYSIA SECURITIES</u>				
<u>MAIN MARKET</u>				
<u>CONSTRUCTION</u>				
Gamuda Berhad	14,600	46,094	42,340	2.95
IJM Corporation Berhad	23,500	44,304	35,720	2.48
		90,398	78,060	5.43
<u>CONSUMER PRODUCTS & SERVICES</u>				
GENTING MALAYSIA BERHAD	17,300	52,364	49,824	3.46
HONG LEONG INDUSTRIES BERHAD	5,400	50,969	49,572	3.45
MALAYAN FLOUR MILLS BERHAD	89,600	81,077	61,376	4.27
		184,410	160,772	11.18

8. QUOTED INVESTMENTS (CONT'D)

At 31 December 2021 (Cont'd)	Number Of Shares	At Cost RM	At Fair Value RM	Percentage of NAV of The Fund %
EQUITY INVESTMENTS IN MALAYSIA (CONT'D)				
<u>ENERGY</u>				
Dialog Group Berhad	42,100	115,877	110,302	7.67
Hibiscus Petroleum Berhad	58,500	52,203	47,678	3.32
		168,080	157,980	10.99
<u>FINANCIAL SERVICES</u>				
ELK-Desa Resources Berhad	55,700	68,751	73,524	5.11
Hong Leong Financial Group Berhad	2,600	41,914	45,084	3.14
		110,665	118,608	8.25
<u>INDUSTRIAL PRODUCTS & SERVICES</u>				
Dufu Technology Corp. Berhad	2,000	6,833	8,580	0.60
Malayan Cement Berhad	20,000	52,004	51,000	3.55
Petronas Chemicals Group Berhad	3,500	29,187	31,220	2.17
		88,024	90,800	6.32
<u>TECHNOLOGY</u>				
Frontken Corporation Berhad	20,100	66,034	80,400	5.59
KESM Industries Berhad	6,900	78,126	84,732	5.89
MI Technovation Berhad	11,900	51,035	40,222	2.80
Malaysian Pacific Industries Berhad	2,300	28,473	113,528	7.90
Pentamaster Corporation Berhad	7,500	22,183	41,625	2.89
Unisem (M) Berhad	17,200	41,304	70,176	4.88
		287,155	430,683	29.95
<u>TRANSPORT & LOGISTIC</u>				
Malaysia Airports Holdings Berhad	12,000	61,852	71,760	4.99
<u>UTILITIES</u>				
Taliworks Corporation Berhad	100,400	74,913	86,846	6.04
TOTAL QUOTED EQUITY		1,065,497	1,195,509	83.15

8. QUOTED INVESTMENTS (CONT'D)

	Number of Shares	At Cost RM	At Fair Value RM	Percentage of NAV of The Fund %
At 31 December 2021 (Cont'd)				
NON-EQUITY INVESTMENTS IN MALAYSIA				
<u>REITs</u>				
YTL Hospitality REIT	112,500	97,322	103,500	7.20
<u>TSR LOANS</u>				
Hume Industries Bhd - LA	36,340	36,779	61,051	4.25
TOTAL QUOTED NON-EQUITY INVESTMENTS IN MALAYSIA		134,101	164,551	11.45
TOTAL QUOTED INVESTMENTS		1,199,598	1,360,060	94.60

9. TOTAL NET ASSET VALUE

	Note	2022 RM	2021 RM
Unitholders' capital	9.1	189,032	1,218,451
Retained earnings:			
- realised reserve	9.2	138,880	58,735
- unrealised reserve	9.3	6,444	160,462
		145,324	219,197
		334,356	1,437,648

9.1 UNITHOLDERS' CAPITAL

	2022		2021	
	No. of units	RM	No. of units	RM
As at beginning of the financial year	5,666,704	1,218,451	5,951,739	1,284,629
Creation of units	535,176	123,320	214,057	55,500
Cancellation of units	(4,642,525)	(1,152,739)	(499,092)	(121,678)
As at end of the financial year	1,559,355	189,032	5,666,704	1,218,451

9. TOTAL NET ASSET VALUE (CONT'D)

9.2 REALISED RESERVE - DISTRIBUTABLE

	2022 RM	2021 RM
Balance as at beginning of the financial year	58,735	(148,163)
Net (loss)/income for the financial year	(73,873)	69,854
Net unrealised losses on valuation of quoted investments transferred to unrealised reserve	154,018	137,044
Net increase in realised reserve for the financial year	80,145	206,898
Balance as at end of the financial year	138,880	58,735

9.3 UNREALISED RESERVE – NON-DISTRIBUTABLE

	2022 RM	2021 RM
Balance as at beginning of the financial year	160,462	297,506
Net unrealised losses on valuation of quoted investments from realised reserve	(154,018)	(137,044)
Balance as at end of the financial year	6,444	160,462

10. TOTAL EXPENSES RATIO ("TER")

	2022 %	2021 %
Total Expenses Ratio ("TER")	3.90	2.13

The total expenses ratio includes annual management's fee, annual trustee's fee, auditors' remuneration and other administrative fee and expenses which is calculated as follows:-

$$TER = \frac{(A+B+C+D+E) \times 100\%}{F}$$

- A = Management's fee
- B = Trustee's fee
- C = Auditors' remuneration
- D = Tax agent's fee
- E = Administrative fees and expenses
- F = Average Net Asset Value of the Fund calculated on daily basis

The average net asset value of the Fund for the financial year is RM360,703 (2021 - RM1,487,662).

11. PORTFOLIO TURNOVER RATIO ("PTR")

	2022	2021
Portfolio Turnover Ratio ("PTR") (Times)	2.19	0.53

The portfolio turnover ratio is derived from the following calculation:

$$\text{PTR} = \frac{(\text{Total acquisitions for the financial year} + \text{total disposals for the financial year}) \div 2}{\text{Average NAV of the Fund for the financial year calculated on daily basis}}$$

Where,

total acquisitions for the financial year = RM 293,726 (2021 - RM736,584)
total disposals for the financial year = RM1,284,859 (2021 - RM827,996)

12. OPERATING SEGMENTS

In accordance with the asset allocation guidelines of the Fund, the Fund can have an exposure in equity and equity-related securities up to 100% of the Fund's NAV and not less than 40% of the Fund's NAV.

The Fund only invested in Malaysia and hence no operating segment information is disclosed.

13. UNITS HELD BY THE MANAGER AND DIRECTORS OF THE MANAGER

There were 316,291 units in the Fund held by the Manager or directors of the Manager as at 31 December 2022 (2021 - NIL).

14. TRANSACTIONS BY THE FUND WITH BROKERS

The transactions entered into by the Fund by value of trade with brokers during the financial year were as follows:-

2022

BROKERS	Value of trade		Brokerage fees	
	RM	%	RM	%
Affin Hwang Investment Bank Berhad	496,880	31.54	1,636	35.22
Maybank Investment Bank Berhad	518,484	32.91	1,381	29.75
CIMB Investment Bank Berhad	560,034	35.55	1,626	35.03
	1,575,398	100.00	4,643	100.00

14. TRANSACTIONS BY THE FUND WITH BROKERS (CONT'D)

2021

BROKERS	Value of trade		Brokerage fees	
	RM	%	RM	%
Affin Hwang Investment Bank Berhad	627,837	40.14	1,260	38.88
CIMB Investment Bank Berhad	497,400	31.80	1,052	32.44
Maybank Investment Bank Berhad	438,916	28.06	930	28.68
	<u>1,564,153</u>	<u>100.00</u>	<u>3,242</u>	<u>100.00</u>

15. RELATED PARTY DISCLOSURES

15.1 IDENTITIES OF RELATED PARTIES

(a) The Fund has related party relationships with its Manager, Astute Fund Management Berhad (formerly known as Apex Investment Services Berhad) and its Trustee, Maybank Trustees Berhad; and

(b) The Fund also had related party relationship with Person related to the director of the Manager, Astute Fund Management Berhad (formerly known as Apex Investment Services Berhad).

15.2 In addition to the balances detailed elsewhere in the financial statements, the Fund carried out the following transactions with the related parties during the financial year:-

	2022 RM	2021 RM
Astute Fund Management Berhad (formerly known as Apex Investment Services Berhad):		
- management fee	<u>5,398</u>	<u>22,310</u>
Maybank Trustees Berhad:		
- trustee's fee	<u>180</u>	<u>744</u>

	2022		2021	
	Units	RM	Units	RM
Purchase of units in the Fund by:				
- Director of the Manager	316,291	73,310	-	-
- Person related to the Director of the Manager	<u>-</u>	<u>-</u>	<u>92,308</u>	<u>24,000</u>

15.3 Units of the Fund at market value held by related parties at the end of reporting period are as follows:-

	2022		2021	
	Units	RM	Units	RM
-Director of the manager	316,291	67,813	-	-
-Person related to the Director of the Manager	<u>513,893</u>	<u>110,179</u>	<u>513,893</u>	<u>130,375</u>

16. FINANCIAL INSTRUMENTS

The Fund's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Fund's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

16.1 FINANCIAL RISK MANAGEMENT POLICIES

The Fund's policies in respect of the major areas of treasury activity are as follows:-

(a) Foreign Currency Risk

The Fund does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(b) Interest Rate Risk

The Fund does not have any interest rate bearing borrowings, hence is not exposed to interest rate risk.

(c) Particular Stock Risk

Any major price fluctuations of a particular stock invested by the Fund may adversely or favourably impact the NAV of the Fund. However, due to the diversification nature of the unit trust, the impact would not be as major as investing in one particular stock.

Particular Stock Risk Sensitivity

The Manager's best estimate of the effect on the net income for the financial year and other comprehensive income due to a reasonable possible change in equity indices, with all other variables held constant is indicated in the table below:-

	Change in equity price	Effects on income for the financial year increase/ (decrease) RM	Effects on equity increase/ (decrease) RM
FTSE Bursa Malaysia KLCI			
2022	+ 1%	2,745	2,745
	- 1%	(2,745)	(2,745)
		<hr/>	<hr/>
2021	+ 1%	11,955	11,955
	- 1%	(11,955)	(11,955)
		<hr/>	<hr/>

In practice, the actual trading results may differ from the sensitivity analysis above and the difference could be material.

16. FINANCIAL INSTRUMENTS (CONT'D)

16.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Particular Stock Risk (Cont'd)

Particular Stock Risk Concentration

The Fund's concentration of equity price risk analysed by the Fund's equity instruments by sector is as follows:

Investment Sector	2022		2021	
	RM	As a % of NAV	RM	As a % of NAV
Consumer Products & Services	92,334	27.62	160,772	11.18
Plantation	51,450	15.39	-	-
Energy	51,321	15.35	157,980	10.99
Financial Services	38,435	11.50	118,608	8.25
TSR Loans	25,792	7.71	61,051	4.25
Utilities	22,403	6.70	86,846	6.04
Technology	11,440	3.42	430,683	29.95
Industrial Products & Services	6,867	2.05	90,800	6.32
Construction	233	0.07	78,060	5.43
REITs	-	-	103,500	7.20
Transport & Logistic	-	-	71,760	4.99
	300,275	89.81	1,360,060	94.60

(d) Liquidity and Cash Flows Risk

Liquidity risk refers to the ease to convert investments into cash without significantly incurring loss in value. Stocks issued by smaller companies will face a greater chance of liquidity risk as compared to stocks issued by larger companies. When investing in stocks of smaller companies, the historical volume traded would be analysed to minimise the liquidity risk.

(e) Fund Manager's Risk

The performance of the Fund is also influenced by the expertise of the Fund Manager. The investment committee will oversee the activities and performance of the Fund Manager. There is also the risk that the Fund Manager does not adhere to the investment mandate of the Fund. The investment committee and the compliance unit hold primary functions to ensure that the Fund's investment strategy and mandate are adhered to. A compliance checklist and investment performance report shall be presented for review during the investment committee meeting.

16. FINANCIAL INSTRUMENTS (CONT'D)

16.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(f) Maximum Credit Risk

The Fund's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from sundry receivables.

Credit Risk Concentration Profile

The Fund does not have any major concentration of credit risk related to any individual customer or counterparty.

Exposure to Credit Risk

As the Fund does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

Assessment of Impairment Losses

At each reporting date, the Fund assesses whether any of the financial assets at amortised cost, contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Cash at Bank

The Fund considers the banks and financial institutions have low credit risk. In addition, some of the bank balances are insured by Government agencies. Therefore, the Fund is of the view that the loss allowance is immaterial and hence, it is not provided for.

16.2 CAPITAL RISK MANAGEMENT

The Manager of the Fund manages the capital of the Fund by maintaining an optimal capital structure so as to support its businesses and maximise unitholders value. To achieve this objective, the Manager may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to unitholders or undertake a unit splitting exercise to lower the value per unit of the Fund, thus the units become more affordable to raise more funds.

16. FINANCIAL INSTRUMENTS (CONT'D)

16.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2022 RM	2021 RM
Financial Assets		
<u>Mandatorily at FVTPL</u>		
Quoted investments	300,275	1,360,060
<u>Amortised Cost</u>		
Cash at bank	39,193	81,104
	<u>339,468</u>	<u>1,441,164</u>
Financial Liability		
<u>Amortised Cost</u>		
Accruals	9,271	6,250
Amount owing to Manager	412	1,791
Amount owing to Trustee	14	60
	<u>9,697</u>	<u>8,101</u>

16.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2022 RM	2021 RM
Financial Assets		
<u>Mandatorily at FVPL</u>		
Net (loss)/gains recognised in profit or loss	<u>(53,111)</u>	<u>105,627</u>
<u>Amortised Cost</u>		
Gains recognised in profit or loss	<u>810</u>	<u>1,487</u>

16. FINANCIAL INSTRUMENTS (CONT'D)

16.5 FAIR VALUE INFORMATION

Other than those disclosed below, the fair values of the financial assets and financial liabilities of the Fund which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The fair values of these assets are included in level 2 of the fair value hierarchy.

2022	Fair Value of Financial Instruments Carried at Fair Value			Total Fair value	Carrying Amount
	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM
<u>Financial Asset</u>					
Quoted investments	300,275	-	-	300,275	300,275
<hr/>					
2021					
<u>Financial Asset</u>					
Quoted investments	1,360,060	-	-	1,360,060	1,360,060
<hr/>					

The Fund measures its quoted investments that are classified as financial assets at their fair values, determined at their quoted closing prices at the end of the reporting period. These financial assets belong to level 1 of the fair value hierarchy.

In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial year.

7. DIRECTORY

Manager	Astute Fund Management Berhad (Formerly known as Apex Investment Services Berhad) [199701004894 (420390-M)]	
Registered Office	No.47-1, Jalan SS 18/6, 47500 Subang Jaya, Selangor Darul Ehsan	
Board of Directors	Clement Chew Kuan Hock	Executive and Non-Independent Director
	Wong Fay Lee	Non-Executive and Non-Independent Director
	Asgari bin Mohd Fuad Stephens	Non-Executive and Non-Independent Director
	Y.M. Dato' Tunku Ahmad Zahir bin Tunku Ibrahim	Non-Executive and Independent Director
	Azran bin Osman Rani	Non-Executive and Independent Director
Investment Committee	Y.M. Dato' Tunku Ahmad Zahir bin Tunku Ibrahim	Independent Member
	Clement Chew Kuan Hock	Non-Independent Member (resigned effective on 8 Dec 2022)
	Azran bin Osman Rani	Independent Member
	Asgari bin Mohd Fuad Stephens	Non-Independent (appointed on 26 April 2022)
Secretary	Ng Chin Chin (MAICSA 7042650) No. 47-1, Jalan SS 18/6 47500 Subang Jaya, Selangor Darul Ehsan	
Trustee	Maybank Trustees Berhad [196301000109 (5004-P)] 8 th Floor, Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur	
Auditor and Reporting Accountant	Crowe Malaysia PLT (201906000005 (LLP0018817-LCA) & AF-1018) Level 16, Tower C Megan Avenue II 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur	
Taxation Advisers	Mazars Taxation Services Sdn Bhd (579747-A) Chartered Accountants Wisma Selangor Dredging 7 th Floor, South Block 142A, Jalan Ampang 50450 Kuala Lumpur	

BUSINESS OFFICE
ASTUTE FUND MANAGEMENT BERHAD
(formerly known as APEX INVESTMENT SERVICES BERHAD)

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