



ASTUTE QUANTUM FUND (AQF)

UNAUDITED ANNUAL REPORT

For Six Months The Financial Period Ended 30 June 2023

ASTUTE QUANTUM FUND

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1. FUND INFORMATION

| | |
|-----------------------------------|--|
| FUND NAME | Astute Quantum Fund (AQF) |
| FUND TYPE | Growth and Income |
| FUND CATEGORY | Mixed Asset |
| FUND 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. |
| DURATION OF FUND | The fund is an open-ended fund. The fund was launched on 19 June 2000. |
| FUND 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. |

2. FUND PERFORMANCE

Summary of performance data is as follows:

| | 30.06.2023 | 30.06.2022 | 30.06.2021 |
|--|------------|------------|------------|
| | RM | RM | RM |
| Portfolio Composition: | | | |
| - Equity securities | 89.11 | 94.34 | 92.89 |
| - Liquid assets and others | 10.89 | 5.66 | 7.11 |
| Net Assets Value (RM) | 305,389 | 325,389 | 1,501,781 |
| Number of Units in Circulation | 1,428,322 | 1,559,309 | 6,165,797 |
| Net Asset Value Per Unit (RM) | 0.2138 | 0.2087 | 0.2436 |
| Highest NAV Price for the period under review (RM) | 0.2235 | 0.2550 | 0.2623 |
| Lowest NAV Price for the period under review (RM) | 0.2049 | 0.2066 | 0.2316 |
| Total Return for the period under review (RM) | | | |
| - Capital growth | 14,363 | (174,261) | (130,694) |
| - 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) (%) | 2.29* | 1.84 | 1.15 |
| <i>*The TER for the financial period was higher compared with the previous corresponding period due to lower average NAV which has resulted in higher TER for certain non-variable expenses.</i> | | | |
| Portfolio Turnover Ratio (PTR) (times) | 0.31* | 1.79 | 0.42 |
| <i>*the PTR for the financial period was lower compared with previous financial period as there were lower investment activities during the financial period under review.</i> | | | |

| | Total Return | | Average Total Return | |
|---|--------------|-------|----------------------|-------|
| | AQF | Index | AQF | Index |
| 1 Year | 2.44 | -1.66 | 2.44 | -1.66 |
| 3 Year | 12.17 | -2.12 | 4.06 | -0.71 |
| 5 Year | 6.26 | -6.23 | 1.25 | -1.25 |
| Since Inception 11 May 2010 (re-launch) | -14.52 | 20.20 | -1.10 | 1.54 |
| 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 30.06.2023. 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.

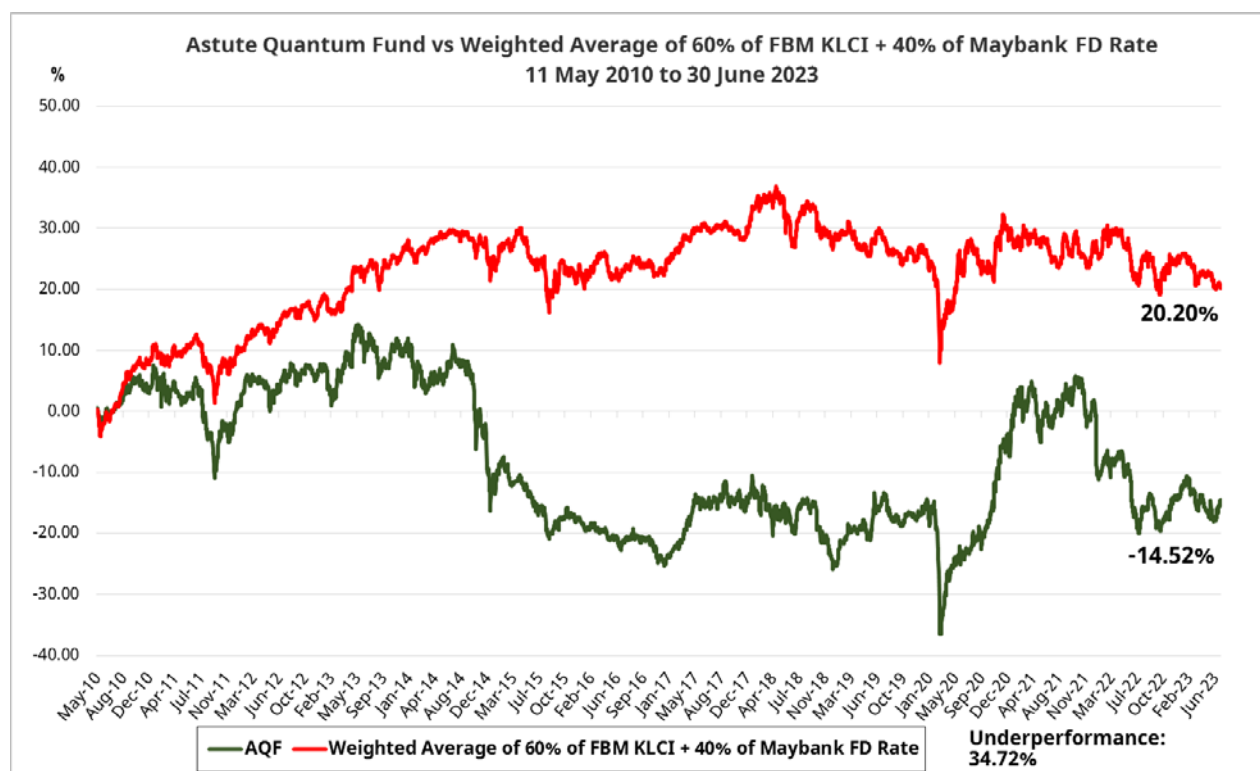
3. MANAGER'S REPORT

The Fund seek to achieve its objective of providing capital growth and income. For the period under review, the Fund has not achieved its investment objective. The Fund had provided a total return of -14.52% as compare to benchmark return of 20.20%. Hence, the Fund had underperformed the benchmark return by 34.72%.

PERFORMANCE ANALYSIS

For the six-month period ended 30 June 2023, the Fund achieved a return of -0.28% against the benchmark return of -4.28%, resulting in an outperformance against the benchmark of 4.00%. The total NAV of the fund decreased to RM 305,389 as at 30 June 2023 from RM 334,356 as at 31 December 2022. The decrease in NAV was mainly due to the redemption by unitholders.

**PERFORMANCE OF ASTUTE QUANTUM FUND VS BENCHMARK INDEX
SINCE 11 MAY 2010 TO 30 JUNE 2023
AQF HAS UNDERPERFORMED THE BENCHMARK INDEX BY 34.72%**



Source: Bloomberg

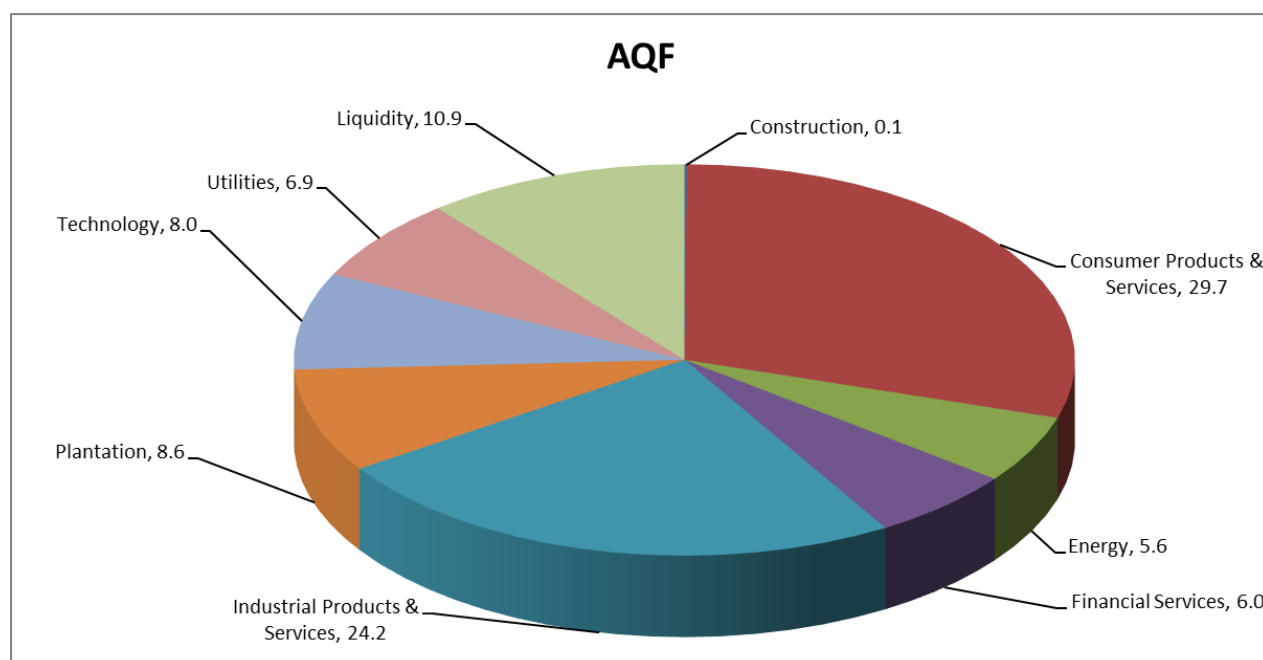
STRATEGIES EMPLOYED

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 consumer, industrial products and plantation.

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 30 JUNE 2023

| QUOTED SECURITIES | 30 JUNE 2023 | 30 JUNE 2022 |
|--------------------------------|--------------|--------------|
| Construction | 0.1 | 0.1 |
| Consumer Products & Services | 29.7 | 28.1 |
| Energy | 5.6 | 10.1 |
| Financial Services | 6.0 | 11.6 |
| Industrial Products & Services | 24.2 | 17.4 |
| Plantation | 8.6 | 14.3 |
| Technology | 8.0 | - |
| Telecommunications & Media | - | 5.5 |
| Utilities | 6.9 | 7.2 |
| Liquidity | 10.9 | 5.7 |

MARKET REVIEW

In the early months of 2023, equity markets rose, following through on the buoyancies seen in the fourth quarter of 2022. However, major equity benchmarks fell from February to June 2023.

Global markets continued to contend with rising inflation and interest rates and strong currencies of developed economies, particularly the US, UK, Europe, and Australia as their rate hikes outpaced Asia. The abovementioned developed economies raised rates by 75-150 bps over the last six months, whereas China cut rates by 10 bps and Malaysia raised it by only 25 bps.

The disparities in rates led to weaknesses in Asian currencies and the Malaysian Ringgit (MYR) against the majors. Against the US Dollar, a Bloomberg barometer of Asian currencies fell 2%, the MYR fell 5.5% and China, Malaysia's major trading partner, saw its currency fall 4.5% over the same period.

Commodity prices fell, as fears of recession rose after central banks persisted in raising rates to fight inflation. In the last six months, Malaysia crude palm oil and crude oil spot prices fell by 18% and 16% respectively to their lowest points in June 2023. These weighed on Malaysian and commodity-producers in ASEAN.

Geopolitics also weighed on local and regional markets. Military tensions between China and Taiwan and bans in exports of technologically-sensitive materials and components between China and US added to regional volatility. Amidst the tensions, the lack of policy stimulus in China failed to ignite global and regional demand for products and materials from the rest of Asia.

Corporate earnings for first quarter 2023 disappointed, leading to cuts in earnings outlook. From January to June 2023, Bloomberg consensus earnings forecast for full year 2023 for Asia have been revised downwards by 8.8% whereas Malaysia's earnings for this year have been cut by 7.4%.

MARKET OUTLOOK

We believe the equity market's decline has priced-in the risk of economic recession. As such, equities are now attractively-valued. Bloomberg consensus estimates the global and Malaysian economies will avert recessions, as evidenced by the upgrades in 2023 GDP growth forecasts for the world, from 2.1% to 2.6%, and for Malaysia, from 4.0% to 4.2% over the last six months.

Global and local interest rates are also on track to peak later in 2023, as evidenced by falling inflation. After US inflation dipped to 3% in June 2023, the US Federal Reserve paused its rate hike cycle, the first time in 15 months. The US interest rate futures market are now indicating cuts in interest rates in late 2024 and going into 2025. We expect Malaysia to follow the global rate cut cycle if it materialises.

Given that developed economies had raised rates by a wider margin against Asian economies, we expect the former's rate cuts to be more pronounced. We expect this will eventually lead to appreciating Asian currencies, which will bring foreign fund flows into the region and Malaysia.

Falling bond yields that accompany lower interest rates outlook is positive for the technology sector. This sector is also at an inflexion point as the global semiconductor downcycle is nearing its end and the outlook is promising given the increasing demand for products linked to artificial intelligence, electric vehicles, and new smartphone models.

We also expect domestic and policy-driven catalysts to drive markets higher. China's commitment to resuscitate its economy through private sector participation in infrastructure, ease property-related restrictions, and support e-commerce platforms' growth is expected to spur consumption and direct investments. This will draw demand for commodities and exports to China, benefiting the region and the rest of the world. Similarly, Malaysia's potential re-initiation of megaprojects may also catalyse the construction and building materials industry, benefiting contractors and suppliers.

SECURITIES FINANCING TRANSACTIONS

The Fund has not undertaken any securities lending or repurchase transactions during the financial period under review.

DETAILS OF ANY UNIT SPLIT EXERCISE

The Fund did not carry out any unit split exercise during the financial period under review.

CROSS TRADE

During the financial period under review, no cross-trade transactions were undertaken by the Manager for the Fund.

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 ("Fund")



Maybank Trustees Berhad (5004-P)
8th Floor, Menara Maybank,
100 Jalan Tun Perak,
50050 Kuala Lumpur, Malaysia
Telephone +603 2070 8833 / 2078 8363
Facsimile +603 2070 9387
www.maybank2u.com.my

TRUSTEE'S REPORT

To the unit holders of ASTUTE QUANTUM FUND ("Fund")

We have acted as Trustee of the Fund for the financial year period ended 30 June 2023 and 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 financial period covered by these unaudited 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)]

A handwritten signature in black ink, appearing to read "Juanita Suhaimi".

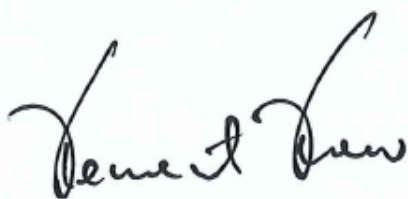
JUANITA SUHAIMI
Unit Head, Unit Trust Operations
Date: 28 August 2023

5. 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**, do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements of **Astute 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** as at 30 June 2023 and its financial performance, changes in net asset value and cash flows for the financial period then ended.

For and on behalf of the Manager,

ASTUTE FUND MANAGEMENT BERHAD



CLEMENT CHEW KUAN HOCK

Director



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

Director

Kuala Lumpur, Malaysia

Date: 28 AUG 2023

5.1 STATEMENT OF UNAUDITED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Financial Period Ended 30 June 2023

| | Note | Financial period ended 30.06.2023 RM | Financial period ended 30.06.2022 RM |
|--|------|---|---|
| INVESTMENT INCOME/(LOSS) | | | |
| Gross dividend income | | 7,857 | 7,763 |
| Realised (losses)/gains on sale of investments | | (14,854) | 97,153 |
| Unrealised gains/(losses) on financial assets at fair value through profit and loss ("FVPL") | | 14,363 | (174,261) |
| Other income | | 298 | 335 |
| | | <u>7,664</u> | <u>(69,010)</u> |
| LESS: EXPENSES | | | |
| Management fee | 4 | 2,333 | 2,950 |
| Trustee's fee | 5 | 78 | 98 |
| Auditors' remuneration | | 1,896 | 1,800 |
| Tax agent's fee | | 2,366 | 1,365 |
| Administrative expenses | | 453 | 1,087 |
| Transaction costs | | 1,010 | 6,520 |
| | | <u>8,136</u> | <u>13,820</u> |
| NET LOSS BEFORE TAXATION | | (472) | (82,830) |
| INCOME TAX EXPENSE | 6 | - | - |
| NET LOSS AFTER TAXATION FOR THE FINANCIAL PERIOD | | (472) | (82,830) |
| OTHER COMPREHENSIVE INCOME | | - | - |
| TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL PERIOD | | (472) | (82,830) |
| Total comprehensive expenses for the financial period is made up as follows: | | | |
| - realised | | (14,835) | 91,431 |
| - unrealised | | 14,363 | (174,261) |

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

5.2 STATEMENT OF UNAUDITED FINANCIAL POSITION

At 30 June 2023

| | Note | 30.06.2023 RM | 30.06.2022 RM |
|--|------|------------------|------------------|
| ASSETS | | | |
| INVESTMENTS | | | |
| Quoted investments | 7 | 272,131 | 306,969 |
| OTHER ASSETS | | | |
| Sundry receivables | | 148 | 198 |
| Current tax assets | | 4,585 | 4,585 |
| Cash at bank | | 44,052 | 19,195 |
| | | <u>48,785</u> | <u>23,978</u> |
| TOTAL ASSETS | | <u>320,916</u> | <u>330,947</u> |
| NET ASSET VALUE (“NAV”) AND LIABILITIES | | | |
| NAV | | | |
| Unitholders’ capital | | 160,537 | 189,022 |
| Retained earnings | | 144,852 | 136,367 |
| | | <u>305,389</u> | <u>325,389</u> |
| TOTAL NAV | 8 | <u>305,389</u> | <u>325,389</u> |
| LIABILITIES | | | |
| Sundry payables and accruals | 9 | 15,147 | 5,130 |
| Amount owing to Manager | | 368 | 414 |
| Amount owing to Trustee | | 12 | 14 |
| | | <u>15,527</u> | <u>5,558</u> |
| TOTAL LIABILITIES | | <u>15,527</u> | <u>5,558</u> |
| TOTAL NAV AND LIABILITIES | | <u>320,916</u> | <u>330,947</u> |
| NUMBER OF UNITS IN CIRCULATION | 8.1 | <u>1,428,322</u> | <u>1,559,309</u> |
| NAV PER UNIT (“RM”) | | <u>0.2138</u> | <u>0.2087</u> |

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

5.3 STATEMENT OF UNAUDITED CHANGES IN NET ASSET VALUE

For the Six Months Financial Period Ended 30 June 2023

| | Note | Unitholders' Capital RM | Retained earnings RM | Total RM |
|---|------|-------------------------------|----------------------------|-------------|
| At 1 January 2022 | | 1,218,451 | 219,197 | 1,437,648 |
| Net loss after taxation/Total comprehensive expenses for the financial period | | - | (82,830) | (82,830) |
| Contribution by and distributions to the unitholders of the Fund: | | | | |
| - creation of units | 8.1 | 123,310 | - | 123,310 |
| - cancellation of units | 8.1 | (1,152,739) | - | (1,152,739) |
| Total transactions with unitholders of the Fund | | (1,029,429) | - | (1,029,429) |
| Balance at 30 June 2022 | | 189,022 | 136,367 | 325,389 |
| At 1 January 2023 | | 189,032 | 145,324 | 334,356 |
| Net loss after taxation/Total comprehensive expenses for the financial period | | - | (472) | (472) |
| Contribution by and distributions to the unitholders of the Fund: | | | | |
| - creation of units | 8.1 | 60 | - | 60 |
| - cancellation of units | 8.1 | (28,555) | - | (28,555) |
| Total transactions with unitholders of the Fund | | (28,495) | - | (28,495) |
| Balance at 30 June 2023 | | 160,537 | 144,852 | 305,389 |

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

5.4 STATEMENT OF UNAUDITED CASH FLOWS

For the Six Months Financial Period Ended 30 June 2023

| | 30.06.2023 | 30.06.2022 |
|--|-------------------|--------------------|
| | RM | RM |
| CASH FLOW FROM OPERATING AND INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | 110,214 | 1,199,224 |
| Purchase of investments | (73,720) | (223,240) |
| Dividend income received | 7,709 | 7,565 |
| Management fee paid | (2,377) | (4,328) |
| Trustee's fee paid | (79) | (144) |
| Payment for other expenses | (8,691) | (11,892) |
| Other income received | 298 | 335 |
| | <hr/> | <hr/> |
| NET CASH FROM OPERATING AND INVESTING ACTIVITIES | 33,354 | 967,520 |
| CASH FLOWS FOR FINANCING ACTIVITIES | | |
| Proceeds from units created | 60 | 123,310 |
| Payment for units cancelled | (28,555) | (1,152,739) |
| | <hr/> | <hr/> |
| NET CASH FOR FINANCING ACTIVITIES | (28,495) | (1,029,429) |
| | <hr/> | <hr/> |
| NET INCREASE/(DECREASE) IN CASH AT BANK | 4,859 | (61,909) |
| CASH AT BANK AT BEGINNING OF THE FINANCIAL PERIOD | 39,193 | 81,104 |
| | <hr/> | <hr/> |
| CASH AT BANK AT END OF THE FINANCIAL PERIOD | 44,052 | 19,195 |
| | <hr/> | <hr/> |

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

5.5 NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For The Six Months Financial Period Ended 30 June 2023

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Astute Quantum Fund was constituted pursuant to the execution of a Deed dated 19 June 2000, the First Supplemental Deed dated 20 December 2000, the Second Supplemental Deed dated 9 March 2006, the Third Supplemental Deed dated 23 February 2010 and Fourth Supplemental Deed dated 3 August 2015, between the Manager, Astute Fund Management Berhad, the Trustee, MTrustee Berhad and the registered unitholders of the Fund. The Fifth Supplemental Deed dated 15 April 2016 was executed for the change of Trustee from MTrustee Berhad to Maybank Trustees Berhad, the Sixth Supplemental Deed dated 22 April 2022 was executed for the change of the Manager's name from Apex Investment Services Berhad to Astute Fund Management Berhad, and the Seventh Supplemental Deed dated 11 January 2023 which the amendments essentially entailed on the amendments to the provisions of the Principal Deed to be in line with the Guidelines on Unit Trust Funds revised on 28 November 2022 ("collectively referred to as "the Deeds") between the Manager, Astute Fund Management Berhad, the Trustee, Maybank Trustees Berhad and the registered unitholders of the Fund.

The principal activity of the Fund is to invest in "Permitted Investments" as defined in the Seventh Schedule of the Deeds. 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 Deeds.

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 Fund Management Berhad, is a company incorporated in Malaysia. The principal activity of the Manager is the management of unit trust and wholesale funds.

2. 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").

2.1 During the current financial period, the Fund has adopted the following new accounting standards (including the consequential amendments, if any):-

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

Amendments to MFRS 3: Reference to the Conceptual Framework

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

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.

2. BASIS OF PREPARATION (CONT'D)

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

| 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 |
| Amendment to MFRS 17: Initial Application of MFRS 17 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 107 and MFRS 7: Supplier Finance Arrangements | 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 |
| Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules | 1 January 2023 |

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Fund's accounting policies, the management is not aware of any judgements that have significant effects on the amounts recognised in the financial statements.

There are also no assumptions concerning the future and other key sources of estimation of uncertainties at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 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.

3.3 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. Interest, 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(i) Amortised Cost (Cont'd)

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 (FVPL)

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.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised 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 recognised 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at FVPL

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:-

- 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity instruments (Cont'd)

(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.

3.4 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 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.

3.6 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 receivables, short-term deposits with financial institutions and cash at bank 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.

3.7 INCOME TAXES

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 in changes in NAV).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 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.

3.9 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.

The fair value for measurement and disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions (MFRS 2), leasing transactions (MFRS 16) and measurement that have some similarities to fair value but are not fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

3.10 INCOME RECOGNITION

(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 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. MANAGEMENT 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% (30.06.2022 - 2%) per annum. The management fee recognised in the financial statements is computed based on 1.5% (30.06.2022 - 1.5%) per annum for the financial period.

5. 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% (30.06.2022- 0.05%) per annum of the net asset value attributable to unitholders of the Fund.

6. INCOME TAX EXPENSE

| | 30.06.2023 RM | 30.06.2022 RM |
|-------------------------------------|------------------|------------------|
| Income tax for the financial period | - | - |

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (30.06.2022 - 24%) of the estimated assessable profit for the financial period.

7. QUOTED INVESTMENTS

| | Note | 30.06.2023 RM | 30.06.2022 RM |
|---|------|------------------|------------------|
| Quoted investments held in Malaysia, at fair value: | | | |
| - equity investments | 7.1 | 272,131 | 306,969 |

| At 30 June 2023 | Number of shares | At cost RM | At Fair value RM | Percentage of NAV of the Fund % |
|---|------------------------|------------------|------------------------|--|
| 7.1 EQUITY INVESTMENTS IN MALAYSIA | | | | |
| <u>BURSA MALAYSIA SECURITIES</u> | | | | |
| <u>MAIN MARKET</u> | | | | |
| <u>CONSTRUCTION</u> | | | | |
| Gamuda Berhad | 63 | 161 | 277 | 0.09 |

7. QUOTED INVESTMENTS (CONT'D)

| At 30 June 2023 (Cont'd) | Number of shares | At cost RM | At fair value RM | Percentage of NAV of the Fund % |
|--|------------------------|------------------|------------------------|--|
| 7.1 EQUITY INVESTMENTS IN MALAYSIA (CONT'D) | | | | |
| <u>BURSA MALAYSIA SECURITIES</u> | | | | |
| <u>MAIN MARKET (CONT'D)</u> | | | | |
| <u>CONSUMER PRODUCTS & SERVICES</u> | | | | |
| Carlsberg Brewery Malaysia Berhad | 600 | 13,118 | 12,216 | 4.00 |
| Hong Leong Industries Berhad | 1,700 | 15,544 | 15,232 | 4.99 |
| Malayan Flour Mills Berhad | 25,500 | 19,638 | 15,300 | 5.01 |
| MBM Resources Berhad | 5,600 | 19,069 | 19,768 | 6.47 |
| MSM Malaysia Holdings Berhad | 19,000 | 19,618 | 20,900 | 6.84 |
| Tomei Consolidated Berhad | 6,800 | 6,496 | 7,072 | 2.32 |
| | | 93,483 | 90,488 | 29.63 |
| <u>ENERGY</u> | | | | |
| Hibiscus Petroleum Berhad | 19,800 | 20,777 | 17,127 | 5.61 |
| <u>FINANCIAL SERVICES</u> | | | | |
| Malayan Banking Berhad | 2,135 | 18,639 | 18,425 | 6.03 |
| <u>INDUSTRIAL PRODUCTS & SERVICES</u> | | | | |
| Ann Joo Resources Berhad | 6,300 | 6,920 | 6,489 | 2.12 |
| Hume Cement Industries Berhad-LA | 19,840 | 20,080 | 46,624 | 15.27 |
| Malayan Cement Berhad | 6,800 | 19,442 | 20,876 | 6.84 |
| | | 46,442 | 73,989 | 24.23 |
| <u>PLANTATION</u> | | | | |
| United Plantations Berhad | 1,700 | 25,689 | 26,316 | 8.62 |
| <u>TECHNOLOGY</u> | | | | |
| Frontken Corporation Berhad | 3,000 | 9,743 | 9,450 | 3.09 |
| Unisem (M) Berhad | 5,000 | 15,695 | 14,950 | 4.90 |
| | | 25,438 | 24,400 | 7.99 |
| <u>UTILITIES</u> | | | | |
| Taliworks Corporation Berhad | 25,900 | 20,695 | 21,109 | 6.91 |
| TOTAL QUOTED INVESTMENTS | | 251,324 | 272,131 | 89.11 |

7. QUOTED INVESTMENTS (CONT'D)

| At 30 June 2022 | Number of shares | At cost RM | At fair value RM | Percentage of NAV of the Fund % |
|--|------------------------|------------------|------------------------|--|
| 7.1 EQUITY INVESTMENTS IN MALAYSIA | | | | |
| <u>BURSA MALAYSIA SECURITIES</u> | | | | |
| <u>MAIN MARKET</u> | | | | |
| <u>CONSTRUCTION</u> | | | | |
| Gamuda Berhad | 61 | 154 | 218 | 0.07 |
| <u>CONSUMER PRODUCTS & SERVICES</u> | | | | |
| Carlsberg Brewery Malaysia Berhad | 300 | 6,517 | 6,744 | 2.07 |
| Genting Malaysia Berhad | 5,700 | 16,805 | 16,188 | 4.98 |
| Hong Leong Industries Berhad | 1,700 | 15,544 | 14,807 | 4.55 |
| Malayan Flour Mills Berhad | 39,000 | 29,371 | 24,180 | 7.43 |
| Three-A Resources Berhad | 17,700 | 18,724 | 15,134 | 4.65 |
| Tomei Consolidated Berhad | 15,800 | 17,943 | 14,378 | 4.42 |
| | | 104,904 | 91,431 | 28.10 |
| <u>ENERGY</u> | | | | |
| Dialog Group Berhad | 6,100 | 16,790 | 12,993 | 3.99 |
| Hibiscus Petroleum Berhad | 19,800 | 20,777 | 19,800 | 6.09 |
| | | 37,567 | 32,793 | 10.08 |
| <u>FINANCIAL SERVICES</u> | | | | |
| Hong Leong Financial Group Berhad | 600 | 9,672 | 11,100 | 3.41 |
| Malayan Banking Berhad | 3,110 | 27,160 | 26,715 | 8.21 |
| | | 36,832 | 37,815 | 11.62 |

7. QUOTED INVESTMENTS (CONT'D)

| At 30 June 2022 (Cont'd) | Number of Shares | At Cost RM | At Fair Value RM | Percentage of NAV of The Fund % |
|--|------------------------|------------------|------------------------|--|
| 7.1 EQUITY INVESTMENTS IN MALAYSIA (CONT'D) | | | | |
| <u>BURSA MALAYSIA SECURITIES</u> | | | | |
| <u>MAIN MARKET (CONT'D)</u> | | | | |
| <u>PLANTATION</u> | | | | |
| Innoprise Plantations Berhad | 16,000 | 27,501 | 22,720 | 6.98 |
| United Plantations Berhad | 1,700 | 25,689 | 23,800 | 7.31 |
| | | 53,190 | 46,520 | 14.29 |
| <u>TELECOMMUNICATIONS & MEDIA</u> | | | | |
| Telekom Malaysia Berhad | 3,400 | 16,775 | 17,850 | 5.49 |
| <u>UTILITIES</u> | | | | |
| Taliworks Corporation Berhad | 25,900 | 20,695 | 23,569 | 7.24 |
| TOTAL QUOTED INVESTMENTS | | 320,768 | 306,969 | 94.34 |

8. TOTAL NET ASSET VALUE

| | Note | 30.06.2023 RM | 30.06.2022 RM |
|----------------------|------|------------------|------------------|
| Unitholders' capital | 8.1 | 160,537 | 189,022 |
| Retained earnings: | | | |
| - realised reserve | 8.2 | 124,045 | 150,166 |
| - unrealised reserve | 8.3 | 20,807 | (13,799) |
| | | 144,852 | 136,367 |
| | | 305,389 | 325,389 |

8. TOTAL NET ASSET VALUE (CONT'D)

8.1 UNITHOLDERS' CAPITAL

| | 30.06.2023 | | 30.06.2022 | |
|---|------------------|----------------|------------------|----------------|
| | No. of units | RM | No. of units | RM |
| As at beginning of the financial period | 1,559,355 | 189,032 | 5,666,704 | 1,218,451 |
| Creation of units | 289 | 60 | 535,130 | 123,310 |
| Cancellation of units | (131,322) | (28,555) | (4,642,525) | (1,152,739) |
| As at end of the financial period | <u>1,428,322</u> | <u>160,537</u> | <u>1,559,309</u> | <u>189,022</u> |

8.2 REALISED RESERVE - DISTRIBUTABLE

| | 30.06.2023 RM | 30.06.2022 RM |
|--|------------------|------------------|
| Balance as at beginning of the financial period | 138,880 | 58,735 |
| Net loss for the financial period | (472) | (82,830) |
| Net unrealised gains/(losses) on valuation of quoted investments transferred to unrealised reserve | (14,363) | 174,261 |
| Net (decrease)/increase in realised reserve for the financial period | (14,835) | 91,431 |
| Balance as at end of the financial period | <u>124,045</u> | <u>150,166</u> |

8.3 UNREALISED RESERVE – NON-DISTRIBUTABLE

| | 30.06.2023 RM | 30.06.2022 RM |
|--|------------------|------------------|
| Balance as at beginning of the financial period | 6,444 | 160,462 |
| Net unrealised gains/(losses) on valuation of quoted investments transferred from realised reserve | 14,363 | (174,261) |
| Balance as at end of the financial period | <u>20,807</u> | <u>(13,799)</u> |

9. SUNDRY PAYABLES AND ACCRUALS

| | 30.06.2023 RM | 30.06.2022 RM |
|----------------------|------------------|------------------|
| Amount due to broker | 9,852 | - |
| Accrued expenses | 5,295 | 5,130 |
| | <u>15,147</u> | <u>5,130</u> |

10. TOTAL EXPENSE RATIO

| | 30.06.2023 | 30.06.2022 |
|-----------------------------|------------|------------|
| | % | % |
| Total Expense Ratio ("TER") | 2.29 | 1.84 |

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

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

- 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 period is RM311,776 (30.06.2022 - RM396,239).

11. PORTFOLIO TURNOVER RATIO

| | 30.06.2023 | 30.06.2022 |
|----------------------------------|------------|------------|
| | Times | Times |
| Portfolio Turnover Ratio ("PTR") | 0.31 | 1.79 |

The portfolio turnover ratio is derived from the following calculation:

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

Where,

| | | | |
|---|---|-----------|---------------------------|
| Total acquisitions for the financial period | = | RM 83,057 | (30.06.2022: RM 223,240) |
| Total disposals for the financial period | = | RM110,710 | (30.06.2022: RM1,199,224) |

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

| | 30.06.2023 | | 30.06.2022 | |
|-------------------------|------------|--------|------------|--------|
| | Units | RM | Units | RM |
| Director of the Manager | 316,291 | 67,623 | 316,291 | 66,010 |

14. TRANSACTIONS BY THE FUND WITH BROKERS

Transactions by the Fund with brokers during the financial period were as follows:-

| 30.06.2023 | Value of trade | | Brokerage fee | |
|------------------------------------|----------------|---------------|---------------|---------------|
| | RM | % | RM | % |
| Maybank Investment Bank Berhad | 82,535 | 42.59 | 252 | 38.65 |
| Hong Leong Investment Bank Berhad | 59,129 | 30.51 | 160 | 24.54 |
| CIMB Investment Bank Berhad | 36,259 | 18.71 | 160 | 24.54 |
| Affin Hwang Investment Bank Berhad | 15,858 | 8.19 | 80 | 12.27 |
| | <u>193,781</u> | <u>100.00</u> | <u>652</u> | <u>100.00</u> |

| 30.06.2022 | Value of trade | | Brokerage fee | |
|------------------------------------|------------------|---------------|---------------|---------------|
| | RM | % | RM | % |
| CIMB Investment Bank Berhad | 504,743 | 35.56 | 1,459 | 36.89 |
| Affin Hwang Investment Bank Berhad | 465,928 | 32.83 | 1,435 | 36.29 |
| Maybank Investment Bank Berhad | 448,567 | 31.61 | 1,061 | 26.82 |
| | <u>1,419,238</u> | <u>100.00</u> | <u>3,955</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 and its Trustee, Maybank Trustees Berhad; and
- (b) The Fund also had related party relationship with director and person related to the director of the Manager.

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 period:-

| | 30.06.2023 | 30.06.2022 |
|---|--------------|--------------|
| | RM | RM |
| Astute Fund Management Berhad - management fee | <u>2,333</u> | <u>2,950</u> |
| Maybank Trustees Berhad - trustee's fee | <u>78</u> | <u>98</u> |

15. RELATED PARTY DISCLOSURES

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

| | 30.06.2023 | | 30.06.2022 | |
|---|------------|---------|------------|---------|
| | Units | RM | Units | RM |
| Person related to the Director of the Manager | 513,893 | 109,870 | 513,893 | 107,250 |

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

16. FINANCIAL INSTRUMENTS

The Fund's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Fund's business whilst managing its market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

16.1 FINANCIAL RISK MANAGEMENT POLICIES

The 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 significant balances which are subject to interest rate risk as defined in MFRS 7, 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.

16. FINANCIAL INSTRUMENTS (CONT'D)

16.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Particular Stock Risk (Cont'd)

Particular Stock Risk Sensitivity

Particular stock risk sensitivity analysis is not presented as reasonable possible change in the price of any stock will not have a significant impact on the net loss for the financial period or equity of the Fund at the end of the reporting period.

Particular Stock Risk Concentration

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

| | 30.06.2023 | | 30.06.2022 | |
|--------------------------------|-------------------|---------------|-------------------|---------------|
| | RM | As a % of NAV | RM | As a % of NAV |
| Consumer Products & Services | 90,488 | 29.63 | 91,431 | 28.10 |
| Industrial Products & Services | 73,989 | 24.23 | 56,773 | 17.45 |
| Plantation | 26,316 | 8.62 | 46,520 | 14.29 |
| Technology | 24,400 | 7.99 | - | - |
| Utilities | 21,109 | 6.91 | 23,569 | 7.24 |
| Financial Services | 18,425 | 6.03 | 37,815 | 11.62 |
| Energy | 17,127 | 5.61 | 32,793 | 10.08 |
| Construction | 277 | 0.09 | 218 | 0.07 |
| Telecommunications & Media | - | - | 17,850 | 5.49 |
| | <hr/> | | <hr/> | |
| | 272,131 | 89.11 | 306,969 | 94.34 |
| | <hr/> | | <hr/> | |

16. FINANCIAL INSTRUMENTS (CONT'D)

16.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(d) Liquidity and Cash Flows Risk

Liquidity and cash flow risks refer 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.

(f) Credit Risk

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

(i) Credit Risk Concentration Profile

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

(ii) Maximum 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.

(iii) 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.

Receivables

The Fund applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables.

16. FINANCIAL INSTRUMENTS (CONT'D)

16.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(f) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Receivables (Cont'd)

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

Allowance for Impairment Losses

| | Gross Amount RM | Individual Impairment RM | Collective Impairment RM | Carrying Amount RM |
|------------------------|-----------------------|--------------------------------|--------------------------------|--------------------------|
| 2023 | | | | |
| Current (not past due) | 148 | - | - | 148 |
| <hr/> | | | | |
| 2022 | | | | |
| Current (not past due) | 198 | - | - | 198 |
| <hr/> | | | | |

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.

16.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

| | 30.06.2023 | 30.06.2022 |
|------------------------------|-------------------|-------------------|
| | RM | RM |
| Financial Assets | | |
| <u>Mandatorily at FVPL</u> | | |
| Quoted investments | 272,131 | 306,969 |
| <u>Amortised Cost</u> | | |
| Sundry receivables | 148 | 198 |
| Cash at bank | 44,052 | 19,195 |
| | <u>44,200</u> | <u>19,393</u> |
| Financial Liability | | |
| <u>Amortised Cost</u> | | |
| Sundry payables and accruals | 15,147 | 5,130 |
| Amount owing to Manager | 368 | 414 |
| Amount owing to Trustee | 12 | 14 |
| | <u>15,527</u> | <u>5,558</u> |

16.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

| | 30.06.2023 | 30.06.2022 |
|---|-------------------|-------------------|
| | RM | RM |
| Financial Assets | | |
| <u>Mandatorily at FVPL</u> | | |
| Net gains/(losses) recognised in profit or loss | 7,366 | (69,345) |
| <u>Amortised Cost</u> | | |
| Gains recognised in profit or loss | 298 | 335 |

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.

| | Fair Value of Financial Instruments | | | Total Fair value RM | Carrying Amount RM |
|------------------------|-------------------------------------|---------------|---------------|------------------------|-----------------------|
| | Carried at Fair Value | | | | |
| | Level 1 RM | Level 2 RM | Level 3 RM | | |
| 30.06.2023 | | | | | |
| <u>Financial Asset</u> | | | | | |
| Quoted investments | 272,131 | - | - | 272,131 | 272,131 |
| 30.06.2022 | | | | | |
| <u>Financial Asset</u> | | | | | |
| Quoted investments | 306,969 | - | - | 306,969 | 306,969 |

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 period.

6. CORPORATE DIRECTORY

| | | |
|---|---|---|
| Manager Business Office | Astute Fund Management Berhad [199701004894 (420390-M)] | |
| | 3 rd Menara Dungun 46 Jalan Dungun Damansara Heights 50490 Kuala Lumpur | |
| 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 |
| Investment Committee | 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 |
| | Y.M. Dato' Tunku Ahmad Zahir bin Tunku Ibrahim | Independent Member |
| | Clement Chew Kuan Hock | Non-Independent Member |
| | Azran bin Osman Rani | Independent Member |
| | Asgari bin Mohd Fuad Stephens | Non-Independent Member (appointed on 26 April 2022) |
| | | |
| Company Secretaries | 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) Wisma Golden Eagle Realty, 11 th Floor, South Block No.142-A, Jalan Ampang, 50450 Kuala Lumpur, Malaysia | |

BUSINESS OFFICE
ASTUTE FUND MANAGEMENT BERHAD

3rd Floor, Menara Dungun,
46, Jalan Dungun
Damansara Heights
50490 Kuala Lumpur