



ASTUTE DANA AL-KANZ (ADAK)

AUDITED ANNUAL REPORT

For The Financial Year Ended 30 June 2023

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1. FUND INFORMATION

FUND NAME	Astute Dana Al-Kanz (ADAK)
FUND TYPE	Income
FUND CATEGORY	Money Market (Islamic)
FUND INVESTMENT OBJECTIVE	To seek capital preservation, high level of liquidity and reasonable returns by investing in low risk Shariah-complaint instruments.
DURATION OF FUND	The fund is open-ended fund. The fund was launched on 28 March 2006.
FUND PERFORMANCE BENCHMARK	<p>❖ Maybank 1 Month Islamic Fixed Deposit-i</p> <p>(Source: Malayan Banking Berhad’s website at http://www.maybank2u.com.my)</p> <p><i>“The risk profile of the performance benchmark is not the same as the risk profile of the Fund”.</i></p>
FUND DISTRIBUTION POLICY	<p>Income will be distributed on an annual basis and subject to availability of distribution surplus.</p> <p>Generally, in the absence of written instructions from the Unit holders, income for the Fund will be automatically reinvested into additional Units of the Fund at NAV per Unit on income payment date. Unit holders who wish to realise any income can do so by redeeming Units held in the Fund.</p> <p>For reinvestment into additional units, no sales charges will be imposed.</p>

2. FUND PERFORMANCE

Summary of performance data is as follows:

	FYE 30.06.2023 RM	FYE 30.06.2022 RM	FYE 30.06.2021 RM
Portfolio Composition:			
- Shariah-compliant investments	30.15	31.02	61.69
- Liquid assets and others	69.85	68.98	38.31
Net Assets Value (RM)	65,063,362	25,607,317	16,110,551
Number of Units in Circulation	166,520,315	67,704,647	43,533,869
Net Asset Value per Units (RM)	0.3907	0.3782	0.3701
Highest NAV (RM)	0.3907	0.3782	0.3701
Lowest NAV (RM)	0.3782	0.3701	0.3615
Total Return for the Year (%)			
- Capital growth	3.31	2.20	2.38
- 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) (%)	0.25*	0.25	0.25

*there was no significant changes in the TER.

Portfolio Turnover Ratio (PTR) (times)	1.76*	1.11	1.53
<i>*the PTR for the financial year was higher compared with previous financial year as there were higher investment activities during the financial year under review.</i>			

	Total Return		Average Total Return	
	ADAK	Index	ADAK	Index
1 Year	3.31	0.30	3.31	0.30
3 Year	8.09	3.03	2.70	1.01
5 Year	15.45	5.95	3.09	1.19
Since Inception 18 May 2006	56.29	27.06	3.29	1.58

<i>Annual total return for each of the last five financial years ended</i>		ADAK	Index
30.06.2023		3.31	0.30
30.06.2022		2.20	1.30
30.06.2021		2.38	1.40
30.06.2020		3.17	1.40
30.06.2019		3.52	1.40

Source: Bloomberg

*Notes:

1. Total returns as at 30.06.2023. Total returns are calculated based in 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

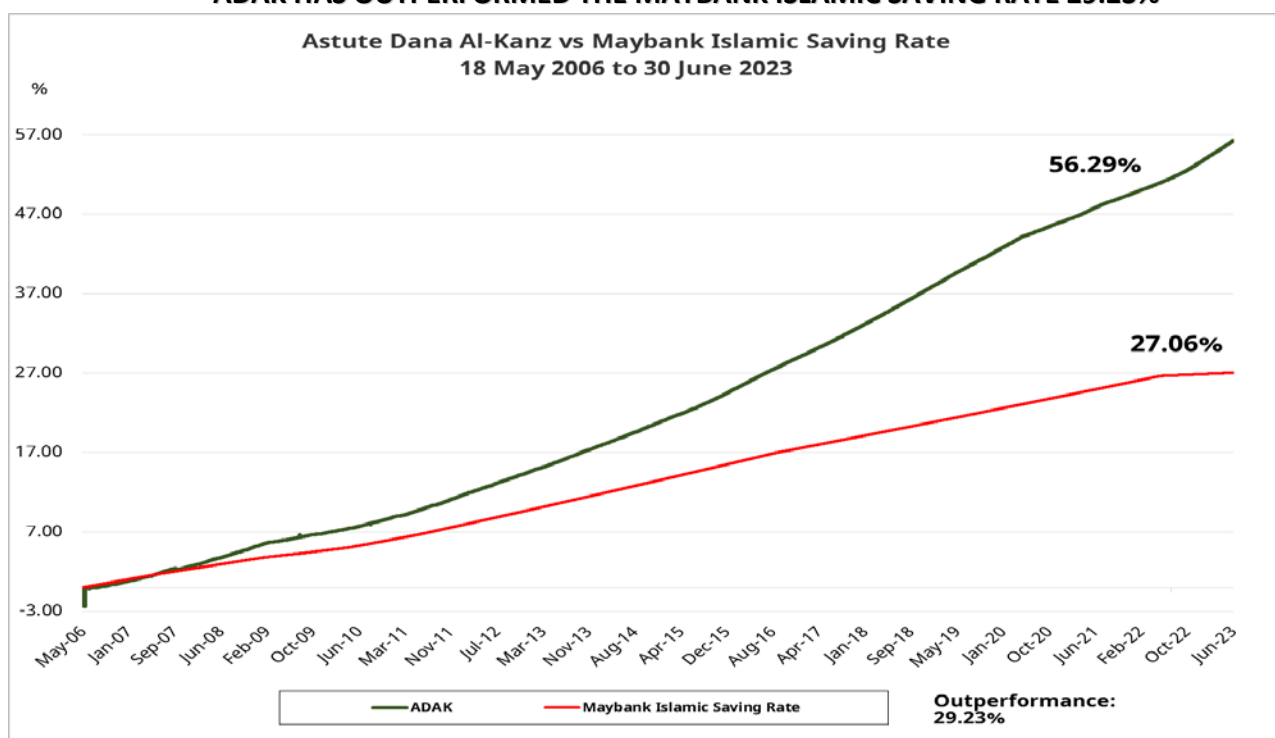
The Fund objective was to seek capital preservation, high level of liquidity and reasonable returns by investing on low risk Shariah-compliant instruments.

For the financial period of review, the Fund had achieved its investment objective. The Fund had provided a total return of 56.29% since its inception as compare to the benchmark return of 27.06%. Hence, the Fund had outperformed the benchmark by 29.23%.

PERFORMANCE ANALYSIS

The benchmark is based on Maybank Islamic Saving rate. For the 1 year period ending 30th June 2023, the Fund had provided a total return of 3.31%. The Fund had outperformed the benchmark total return of 0.30% for the same period by 3.01%. As at 30th June 2023, the Fund NAV had increased to RM 65,063,362 from RM 25,607,317 as at 30th June 2022. The increase on NAV was mainly due to subscription by unit holders.

**PERFORMANCE OF ASTUTE DANA AL-KANZ VS BENCHMARK INDEX
SINCE 18 MAY 2006 TO 30 JUNE 2023
ADAK HAS OUTPERFORMED THE MAYBANK ISLAMIC SAVING RATE 29.23%**

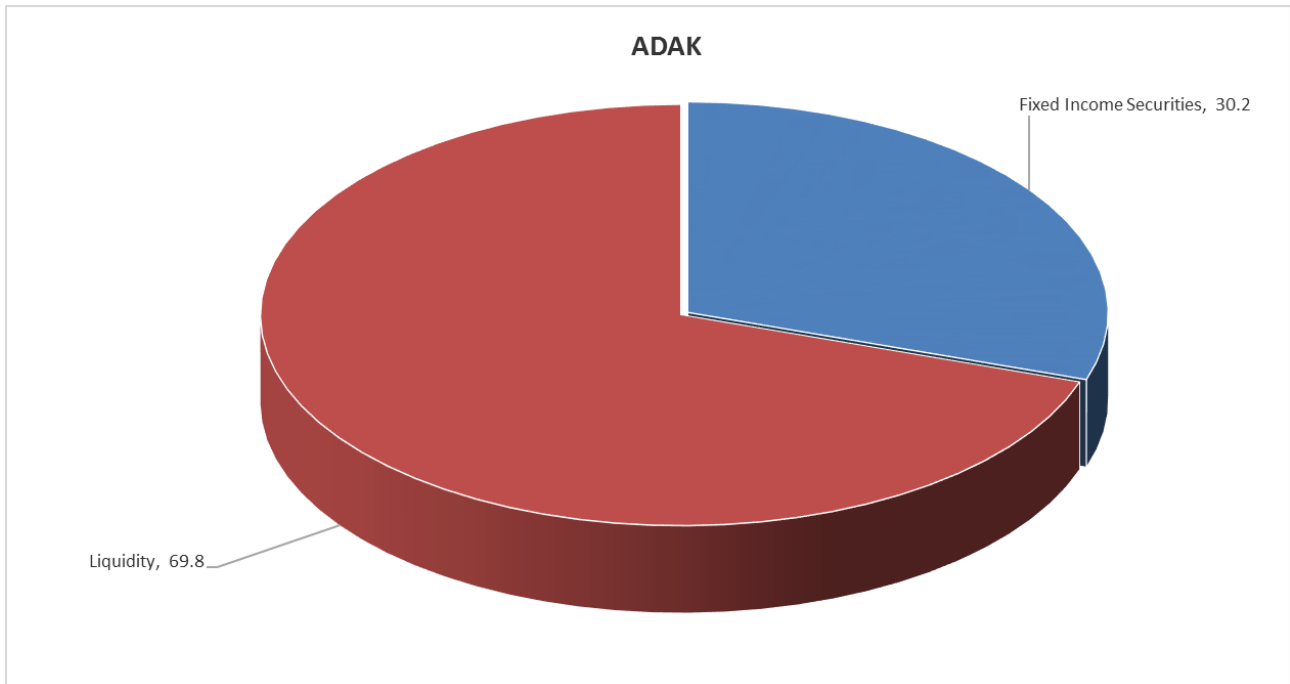


Source: Bloomberg

STRATEGIES EMPLOYED

Over the period under review, the Fund maintained a portfolio of short-term Islamic commercial papers and fixed deposits as it focused on providing investors high level of liquidity and capital preservation. Going forward, we will continue to ladder our fixed deposit placements and invest in quality short-term Islamic commercial papers issued by corporates with strong fundamentals.

ASSET ALLOCATION



ASSET ALLOCATION BY SECTOR AS AT 30 JUNE 2023

QUOTED SECURITIES	30 JUNE 2023	30 JUNE 2022
Liquidity	69.8	69.0
Fixed Income Securities	30.2	31.0

MARKET REVIEW

After four consecutive hikes in 2022, totalling 100 basis points (bps), in its third Monetary Policy Committee (MPC) meeting held in May, Bank Negara Malaysia (BNM) raised the Overnight Policy Rate (OPR) by 25bps to 3.00%. This came after keeping rates unchanged through two straight meetings since Jan. The decision came in line with our expectations but contrary to market expectations whereby economists expected a rate pause.

The MPC stated that resilient domestic growth prospects allowed them to further normalise the degree of monetary accommodation today, adding the need to ensure that the stance of monetary policy is appropriate to prevent the risk of future financial imbalances. With the latest rate hike, BNM has withdrawn the monetary stimulus intended to address the COVID-19 crisis, bringing OPR back to its pre-pandemic level.

In the monetary policy statement (MPS) released, BNM sees further expansion in the Malaysian economy in 1H23 driven by resilient household spending as unemployment eases to pre-pandemic levels and a pick-up in tourist arrivals is expected to lift tourism activity. Investment growth will be supported by implementation of projects including those from the re-tabled Budget 2023. Despite global monetary tightening and financial sector risks in advanced economies, domestic financial conditions remain stable with no signs of excessive tightening affecting consumption and investment activities. BNM viewed the risks to domestic growth to be relatively balanced, as domestic growth drivers help to anchor the economy against rising external uncertainties and a slower global outlook.

Both headline and core inflation have moderated and expected to continue moderating for the rest of the year. BNM projects headline inflation at 2.8%-3.8% this year. Nevertheless, core inflation remains elevated (above headline levels) amid firm demand. We expect inflation risks tilted on the upside and is largely dependent on domestic policy changes including on subsidies and price controls, financial market developments, and commodity prices. The upside risk to our baseline inflation estimate could be between 0.2%-1.0% over a 12 month horizon, depending on the sequencing of targeted subsidy rollout. As such, the rate hike in May could also be pre-emptive in view of these upside inflation risks.

MARKET OUTLOOK

We expect BNM to remain cautious on the global outlook as global growth remains weighed down by persistent core inflation and higher interest rates. China's reopening though supportive of the global economy has seen a slower pace of recovery in recent months. The global outlook remains subject to downside risks mainly due to slower growth of major economies, higher inflation outturns, an escalation of geopolitics tensions, and tightening of financial markets.

The Malaysian economy has moderated in recent months after a strong showing of 5.6% y/y in 1Q23. For the rest of the year, growth will be anchored by resilient domestic demand amid a slower external sector. Domestic economic growth drivers include favourable labour markets, improved tourism activity, and faster implementation of investment projects amid conducive domestic financial conditions and sustained credit growth.

Headline inflation has decelerated for the ninth straight month to 2.8% y/y in May, its lowest level since Apr 2022. This comes amid lower cost factors. Core inflation also eased in tandem with headline inflation even though its pace of moderation is not as fast as that of headline and still elevated relative to its long-term average. We expect both headline and core inflation to trend lower

in 2H23, which is line with our view particularly as higher year-ago base effects set in. The removal of electricity subsidy for high consumption users is estimated to yield negligible direct effects on overall CPI as bulk of the subsidies are kept in 2H23. However, we are still cautions on inflation risks that remain highly subject to the degree of persistence in core inflation, changes to domestic policy including on subsidies and price controls, financial market developments, and global commodity prices.

While a higher Fed Funds terminal rate and MYR pressure complicates the OPR outlook, we think that moderating inflation trends and growth uncertainties take precedence at this point. A prolonged period of MYR weakness may lead to businesses passing on the additional costs to consumers albeit this would be balanced with the view of staying price competitive as demand slows and normalises. Imported finished goods constitute less than 20% of the CPI basket. Meanwhile, we believe that the recent MYR weakness is largely driven by external headwinds and negative sentiment that results a mismatch from the strength of the country's fundamentals. Hence, we expect BNM to intervene in the FX markets to stem excessive currency movements but has no plans to reintroduce any administrative measures and conversion rules to curb MYR weakness.

Even as the US Fed is expected to raise interest rates further, most regional central banks have started to pause rate hikes in 2Q23 while Vietnam and China have been cutting interest rates to boost their economic growth. We expect selected central banks to follow suit with interest rate cuts starting 1Q24 as inflation returns or moves closer to target band. This coupled with weaker economic data points, lagged effects of past rate hikes, and easing inflation, we think the window for another OPR hike may have closed. In sum, we maintain our call for OPR to remain at 3.00% for the rest of the year. We see limited risks of future financial imbalances, which further supports our view for neutral policy stance. The remaining MPC meetings scheduled for this year are on 05 & 06 Jul, 6-7 Sep and 1-2 Nov.

SECURITIES FINANCING TRANSACTIONS

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

DETAILS OF ANY UNIT SPLIT EXERCISE

The Fund did not carry out any unit split exercise during the financial year ended 30 June 2023.

CROSS TRADE

No cross-trade transactions have been carried out during the financial year under review.

SOFT COMMISSION

The Manager will retain soft commissions received from stockbrokers, provided they are of demonstrable benefit to the Unit Holders. 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 year, 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 DANA AL-KANZ ("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 DANA AL-KANZ ("Fund")

We have acted as Trustee of the Fund for the financial year 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 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)]

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

JUANITA SUHAIMI
Unit Head, Unit Trust Operations

Date: 28 August 2023

5. INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF ASTUTE DANA AL-KANZ

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Astute Dana Al-Kanz** ("the Fund"), which comprise the statement of financial position as at 30 June 2023, 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 38.

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

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 AUDITOR'S REPORT TO THE UNITHOLDERS OF ASTUTE DANA AL-KANZ (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 AUDITOR'S REPORT TO THE UNITHOLDERS OF ASTUTE DANA AL-KANZ (CONT'D)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (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
28 August 2023

Ooi Song Wan
02901/10/2024 J
Chartered Accountant

6. SHARIAH ADVISER'S REPORT

SHARIAH ADVISER'S REPORT TO THE UNIT HOLDERS OF ASTUTE DANA AL-KANZ ("FUND")

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Astute Fund Management Berhad (the "Manager") has operated and managed Astute Dana Al-Kanz (the "Fund") for the year covered by these financial statements namely, the financial year ended 30 June 2023, in accordance with the Shariah principles and requirements and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters: and
2. The assets of the Fund comprise instruments that have been classified as Shariah compliant.
3. We also confirm that the investment portfolio of the Fund comprises securities which have been classified as Shariah compliant by the Shariah Advisory Council of the SC ("SACSC"). For securities not certified by the SACSC, we have reviewed the said securities and opine that these securities are designated as Shariah compliant.

For and on behalf of the Shariah Adviser,
ASTUTE FUND MANAGEMENT BERHAD



DATO' DR. MOHAMAD SABRI BIN HARON
Chairman of Shariah Committee

Kuala Lumpur, Malaysia
Date: 28 August 2023

7. 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 financial statements of **Astute Dana Al-Kanz** 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 Dana Al-Kanz** as at 30 June 2023 and its financial performance, changes in net asset value and cash flows for the financial year 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**

7.1 STATEMENT OF AUDITED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2023

	Note	2023 RM	2022 RM
INVESTMENT INCOME			
Profit income:			
- Shariah-compliant investments		744,876	279,244
- Shariah-based deposits		763,553	384,591
		<u>1,508,429</u>	<u>663,835</u>
Realised loss on sale of investments		-	(1,000)
Other income		4,532	2,621
		<u>1,512,961</u>	<u>665,456</u>
LESS: EXPENSES			
Management fee	4	84,428	55,339
Trustee's fee	5	21,108	13,835
Auditors' remuneration		*	*
Tax agent's fee		*	*
		<u>105,536</u>	<u>69,174</u>
NET INCOME BEFORE TAXATION		1,407,425	596,282
INCOME TAX EXPENSE	6	-	-
NET INCOME AFTER TAXATION FOR THE FINANCIAL YEAR		1,407,425	596,282
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		1,407,425	596,282
Total comprehensive income for the financial year is made up as follows:			
- realised		1,407,425	596,282
- unrealised		-	-

* These expenses were absorbed by the Manager

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

7.2 STATEMENT OF AUDITED FINANCIAL POSITION

At 30 June 2023

	Note	2023 RM	2022 RM
ASSETS			
INVESTMENTS			
Shariah-compliant investments	7	19,613,393	7,943,463
Shariah-based deposits with licensed financial institutions	8	46,548,574	17,578,632
		<u>66,161,967</u>	<u>25,522,095</u>
OTHER ASSETS			
Sundry receivables		273,855	45,540
Cash at bank		43,361	88,618
		<u>317,216</u>	<u>134,158</u>
TOTAL ASSETS		<u>66,479,183</u>	<u>25,656,253</u>
NET ASSET VALUE (“NAV”) AND LIABILITIES			
NAV			
Unitholders’ capital		54,597,495	16,548,875
Retained earnings		10,465,867	9,058,442
TOTAL NAV	9	<u>65,063,362</u>	<u>25,607,317</u>
LIABILITIES			
Sundry payables and accruals		1,402,633	43,640
Amount owing to Manager		10,551	4,237
Amount owing to Trustee		2,637	1,059
TOTAL LIABILITIES		<u>1,415,821</u>	<u>48,936</u>
TOTAL NAV AND LIABILITIES		<u>66,479,183</u>	<u>25,656,253</u>
NUMBER OF UNITS IN CIRCULATION	9.1	<u>166,520,315</u>	<u>67,704,647</u>
NAV PER UNIT (“RM”)		<u>0.3907</u>	<u>0.3782</u>

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

7.3 STATEMENT OF AUDITED CHANGES IN NET ASSET VALUE

For The Financial Year Ended 30 June 2023

	Note	Unitholders' capital RM	Retained earnings RM	Total NAV RM
At 1 July 2021		7,648,391	8,462,160	16,110,551
Net income after taxation/Total comprehensive income for the financial year		-	596,282	596,282
Contribution by and distribution to the unitholders of the Fund:				
- creation of units	9.1	33,015,301	-	33,015,301
- cancellation of units	9.1	(24,114,817)	-	(24,114,817)
Total transactions with unitholders of the Fund		8,900,484	-	8,900,484
At 30 June 2022/1 July 2022		16,548,875	9,058,442	25,607,317
Net income after taxation/Total comprehensive income for the financial year		-	1,407,425	1,407,425
Contribution by and distribution to the unitholders of the Fund:				
- creation of units	9.1	51,968,420	-	51,968,420
- cancellation of units	9.1	(13,919,800)	-	(13,919,800)
Total transactions with unitholders of the Fund		38,048,620	-	38,048,620
Balance at 30 June 2023		54,597,495	10,465,867	65,063,362

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

7.4 STATEMENT OF AUDITED CASH FLOWS
For The Financial Year Ended 30 June 2023

	Note	2023 RM	2022 RM
CASH FLOWS (FOR)/FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from redemption of investments on maturity		68,408,362	31,726,803
Purchase of investments		(80,078,292)	(29,733,280)
Profit income received		1,280,114	721,513
Management fee paid		(78,114)	(54,977)
Trustee's fee paid		(19,530)	(13,745)
Other income received		4,532	2,621
		<hr/>	<hr/>
NET CASH (FOR)/FROM OPERATING AND INVESTING ACTIVITIES		(10,482,928)	2,648,935
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from units created		51,968,420	33,015,301
Payment for cancelled units		(12,560,807)	(24,073,810)
		<hr/>	<hr/>
NET CASH FROM FINANCING ACTIVITIES		39,407,613	8,941,491
		<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS		28,924,685	11,590,426
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		17,667,250	6,076,824
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	10	46,591,935	17,667,250
		<hr/>	<hr/>

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

7.5 NOTES TO THE AUDITED FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2023

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Astute Dana Al-Kanz (“the Fund”) was constituted pursuant to the execution of a Deed dated 28 March 2006 (“the Deed”), between the Manager, Astute Fund Management Berhad and the registered unitholders of the Fund. The First Supplemental Deed dated 3 August 2015 entered into between the Manager and MTrustee Berhad was further modified to include a provision relating to goods and services tax. The Second Supplemental Deed dated 15 April 2016 between the Astute Fund Management Berhad and the Trustee, Maybank Trustees Berhad modified the appointment date for the change of the trustee from MTrustee Berhad to Maybank Trustees Berhad. The Third Supplemental Deed dated 19 March 2018 between the Astute Fund Management Berhad and the Trustee, Maybank Trustees Berhad was further modified to bring it in line with terminology used for Shariah-compliant funds and the recent amendments to the relevant guidelines. The Fourth Supplemental Deed dated 22 April 2022 between the Astute Fund Management Berhad and the Trustee, Maybank Trustees Berhad modified the name of the Manager and the name of Fund. By a Fifth Supplemental Deed dated 11 January 2023 between the Manager and the Trustee, the Principal Deed was further modified to provide for the participation of Unit Holders in a Unit Holders’ meeting by any electronic communication facilities or technologies available and 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.

The principal activity of the Fund is to invest in “Permitted Investments” as defined in the Second Schedule of the Deeds. The Fund commenced operations on 18 May 2006 (date of inception) and will continue its operations until terminated by the Trustee or the Manager as provided under Clauses 12.1, 12.2 and 12.3 of the Deeds.

The investment objective of the Fund is to seek capital preservation, a high level of liquidity and reasonable returns by investing in low risk Shariah-compliant instruments.

The Manager is 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.

The financial statements were approved by the Board of Directors of the Manager on 28 August 2023.

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 the requirements of the Companies Act 2016 in Malaysia.

- 2.1 During the current financial year, 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 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
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 year.

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. Profit, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either 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 (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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

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.

(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).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

Equity instruments classified as equity are measured 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

(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.

3.5 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 IMPAIRMENT OF FINANCIAL ASSETS (CONT'D)

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).

3.8 Operating Segments

An operating segment is a component of the Fund that engages in business activities from which it may earn income and incur expenses, including income 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 FAIR VALUE MEASUREMENTS (CONT'D)

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 not are fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

3.10 INCOME RECOGNITION

(a) 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.

(b) Profit Income

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

4. MANAGEMENT FEE

Clause 13.1 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 2.0% (2022 – 2.0%) per annum. The management fee recognised in the financial statements is computed based at 0.2% (2022 – 0.2%) per annum for the financial year.

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% (2022 - 0.05%) per annum of the net asset value attributable to unitholders of the Fund.

6. INCOME TAX EXPENSE

There was no income tax expense for the financial year as the Fund did not earn any chargeable income during the financial year.

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

	2023 RM	2022 RM
Net income before taxation	1,407,425	596,282
Tax at the statutory tax rate 24% (2022 - 24%)	337,782	143,108
Tax effects of:-		
Non-taxable income	(363,111)	(159,949)
Non-deductible expenses	25,329	16,601
Net non-deductible losses/(non-taxable gains) on investments	-	240
Income tax expense for the financial year	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022 - 24%) of the estimated assessable profit for the financial year.

7. SHARIAH-COMPLIANT INVESTMENTS

	Note	2023 RM	2022 RM
Financial asset at FVPL			
At nominal value:-			
Islamic Commercial Papers	7.1	20,000,000	8,000,000
At fair value:-			
Islamic Commercial Papers	7.1	19,613,393	7,943,463

7. SHARIAH-COMPLIANT INVESTMENTS (CONT'D)

Details of the Shariah-compliant investments, as at 30 June were as follows:-

7.1 ISLAMIC COMMERCIAL PAPERS ("ICP")

Maturity Date	Name of Issuer	Credit Rating	Nominal Value	Fair Value	Cost	Percentage of NAV
			RM	RM	RM	%
2023						
18.07.2023	SME Bank @3.75% p.a. Sabah Credit Corporation	MARC-1IS	5,000,000	4,953,767	4,953,767	7.62
14.08.2023	@4.05% p.a. Titijaya Berhad	AA1	5,000,000	4,899,582	4,899,582	7.53
17.08.2023	@5.50% p.a. Gabungan AQRS	MARC-2IS	4,000,000	3,944,548	3,944,548	6.06
17.11.2023	@6.10% p.a.	MARC-1IS	6,000,000	5,815,496	5,815,496	8.94
			20,000,000	19,613,393	19,613,393	30.15
2022						
04.07.2022	Gamuda Berhad @2.10% p.a.	AA3	4,000,000	3,992,866	3,992,866	15.59
17.08.2022	Titijaya Bhd @4.90% p.a.	MARC-2IS	4,000,000	3,950,597	3,950,597	15.43
			8,000,000	7,943,463	7,943,463	31.02

p.a. - per annum

8. SHARIAH-BASED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The Shariah-based deposits earn weighted average effective profit rate of 3.51% (2022 – 2.14%) per annum at the end of the reporting period. The maturity periods of the deposits at the end of the reporting period range from 5 to 184 days (2022 – 29 to 35 days).

9. TOTAL NET ASSET VALUE

	Note	2023 RM	2022 RM
Unitholders' capital	9.1	54,597,495	16,548,875
Retained earnings:			
- realised reserve	9.2	10,465,867	9,059,942
- unrealised reserve	9.3	-	(1,500)
		10,465,867	9,058,442
		<u>65,063,362</u>	<u>25,607,317</u>

9.1 UNITHOLDERS' CAPITAL

	2023		2022	
	Number of units	RM	Number of Units	RM
As at beginning of the financial year	67,704,647	16,548,875	43,533,869	7,648,391
Creation of units	135,020,715	51,968,420	88,743,725	33,015,301
Cancellation of units	(36,205,047)	(13,919,800)	(64,572,947)	(24,114,817)
As at end of the financial year	<u>166,520,315</u>	<u>54,597,495</u>	<u>67,704,647</u>	<u>16,548,875</u>

9.2 REALISED RESERVE - DISTRIBUTABLE

	2023 RM	2022 RM
Balance as at beginning of the financial year	9,059,942	8,463,660
Net income for the financial year	1,407,425	596,282
Net unrealised loss on valuation of Islamic bond papers transferred from unrealised reserve	(1,500)	-
	1,405,925	596,282
Balance as at end of the financial year	<u>10,465,867</u>	<u>9,059,942</u>

9.3 UNREALISED RESERVE - NON-DISTRIBUTABLE

	2023 RM	2022 RM
Balance as at beginning of the financial year	(1,500)	(1,500)
Net unrealised loss on valuation of Islamic bond papers transferred to realised reserve	1,500	-
Balance as at end of the financial year	<u>-</u>	<u>(1,500)</u>

10. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:-

	2023 RM	2022 RM
Shariah-based deposits with licensed financial institutions	46,548,574	17,578,632
Cash at bank	43,361	88,618
	<hr/>	<hr/>
	46,591,935	17,667,250
	<hr/>	<hr/>

11. TOTAL EXPENSE RATIO

	2023 %	2022 %
Total Expense Ratio ("TER")	0.25	0.25
	<hr/>	<hr/>

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

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

A = Management fee

B = Trustee's fee

C = Auditors' remuneration

D = Tax agent's fee

E = Administrative fees and expense

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 RM42,213,543 (2022 – RM27,665,939).

12. PORTFOLIO TURNOVER RATIO

	2023 Times	2022 Times
Portfolio Turnover Ratio ("PTR")	1.76	1.11

The PTR is derived from the following calculation:

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

Where,

total acquisitions for the financial year = RM80,078,292 (2022 – RM29,733,280)

total redemptions for the financial year = RM68,408,362 (2022 – RM31,726,803)

13. OPERATING SEGMENTS

The Fund invested predominantly in Shariah-compliant investments and Shariah-based deposits in Malaysia hence no operating segment information is disclosed.

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

The units of the Fund at market value held by the Manager and a director of the Manager at the end of the reporting period are shown as follows:-

	2023		2022	
	Units	RM	Units	RM
Astute Fund Management Berhad:				
- units held in the Fund at market value	17,390,201	6,794,351	-	-
R. Raevendren A/L S. Ramachandran:				
- units held in the Fund at market value	94	37	-	-

15. TRANSACTIONS BY THE FUND WITH FINANCIAL INSTITUTIONS

Transactions by the Fund with financial institutions during the financial year are as follows:-

	2023		2022	
	Value of trade RM	%	Value of trade RM	%
Kenanga Investment Bank Berhad	65,023,857	43.79	38,520,211	62.68
CIMB Bank Berhad	34,678,404	23.35	-	-
Ambank Berhad	24,841,041	16.73	-	-
AmIslamic Bank Berhad	19,950,485	13.44	-	-
Maybank Berhad	3,992,866	2.69	22,939,872	37.32
	148,486,653	100.00	61,460,083	100.00

16. RELATED PARTY DISCLOSURES

16.1 Identities of related parties:-

- (a) The Fund has related party relationships with its Manager, Astute Fund Management Berhad and Trustee, Maybank Trustees Berhad; and
- (b) The Fund also had related party relationships with:-
- (i) a corporate shareholder of the Manager;
 - (ii) Companies in which a director of the Manager holds position as director
 - (iii) Companies in which a director of the Manager is a shareholder

16.2 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:-

	2023		2022	
	RM		RM	
Astute Fund Management Berhad - management fee	84,428		55,339	
Maybank Trustees Berhad - trustee's fee	21,108		13,835	
	2023		2022	
	Units	RM	Units	RM
Astute Fund Management Berhad - purchase of units in the Fund	17,390,201	6,700,000	-	-
<u>Director of the Manager</u> R. Raevendren A/L S. Ramachandran:				
- purchase of units in the Fund	248	95	-	-
- disposal of units in the Fund	154	60	-	-
<u>Person related to the Director of the Manager</u>				
- purchase of units in the Fund	5,253,070	2,000,000	-	-
- disposal of units in the Fund	4,463,430	1,700,866	-	-
<u>Companies connected to certain Directors of the Manager</u>				
- purchase of units in the Fund	16,739,710	6,350,000	26,361,578	9,800,000
- disposal of units in the Fund	14,550,487	5,601,112	24,779,494	9,300,383

The Companies connected to the Manager are legal and beneficial owner of the units.

16. RELATED PARTY DISCLOSURES (CONT'D)

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

	2023		2022	
	Units	RM	Units	RM
Astute Fund Management Berhad	17,390,201	6,794,351	-	-
Director of the Manager	94	37	-	-
Person related to the Director of the Manager	789,640	308,512	-	-
Companies connected to certain Directors of the Manager	25,815,751	10,086,214	23,626,528	8,935,553
	<u>43,995,686</u>	<u>17,189,114</u>	<u>23,626,528</u>	<u>8,935,553</u>

17. 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.

17.1 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) Profit Rate Risk

Cash and other fixed income securities are particularly sensitive to movements in profit rates. When profit rate rises, the return on cash and the value of fixed income securities will rise whilst it will be vice versa if there is a fall, thus affecting the NAV of the Fund.

The Fund's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to profit rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Fund's deposits with financial institutions are usually rolled-over on a daily/monthly basis.

It is the Fund's policy not to enter into interest rate swap arrangements.

Profit risk sensitivity

Profit rate risk sensitivity is not presented as a reasonable possible change in profit rates will not have a significant impact on the net income for the financial year.

17. FINANCIAL INSTRUMENTS (CONT'D)

17.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Profit Rate Risk (Cont'd)

Profit rate risk exposure

The following table analyses the Fund's profit rate risk exposure. The Fund's assets and liabilities are included at fair value and categorised by the earlier of contractual repricing or maturity dates.

	0-3 months RM	Non-profit rate bearing RM	Total RM	Weighted Average Effective Profit Rate %
2023				
Financial Assets				
Shariah-compliant investments	19,613,393	-	19,613,393	4.85
Shariah-based deposits with licensed financial institutions	46,548,574	-	46,548,574	3.51
Other assets	273,855	43,361	317,216	
	66,435,822	43,361	66,479,183	
Financial Liability				
Other liabilities	-	1,415,821	1,415,821	
Total profit rate sensitivity gap	66,435,822	(1,372,460)	65,063,362	
2022				
Financial Assets				
Shariah-compliant investments	7,943,463	-	7,943,463	3.49
Shariah-based deposits with licensed financial institutions	17,578,632	-	17,578,632	2.14
Other assets	45,540	88,618	134,158	-
	25,567,635	88,618	25,656,253	
Financial Liability				
Other liabilities	-	48,936	48,936	-
Total profit rate sensitivity gap	25,567,635	39,682	25,607,317	

17. FINANCIAL INSTRUMENTS (CONT'D)

17.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Particular Stock Risk

The Fund does not have any quoted investments and hence is not exposed to equity price risk.

(d) Liquidity and Cash Flow Risks

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 has no exposure to credit risk, or the risk of counterparties defaulting, other than 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.

17. FINANCIAL INSTRUMENTS (CONT'D)

17.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(f) Credit Risk (Cont'd)

Assessment of Impairment Losses (Cont'd)

Receivables

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

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)	273,855			273,855
2022				
Current (not past due)	45,540	-	-	45,540

The Fund believes that no impairment allowance is necessary in respect of its receivables because the probability of default by these receivables were negligible.

Deposits with Licensed Banks and Bank Balances

The Fund considers the bank and financial institutions have low credit risks. 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.

(g) Shariah Specific Risk

The risk that the investments do not conform to the principle of Shariah may result in those investments being not Shariah compliant. Should the situation arise, necessary steps shall be taken to dispose of such investments in accordance with the rules of divestment of non Shariah-compliant investments. If this occurs, the Fund could suffer losses from the disposal and thus, adversely affecting the value of the Fund.

17. FINANCIAL INSTRUMENTS (CONT'D)

17.2 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.

17.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2023 RM	2022 RM
Financial Assets		
<u>Mandatorily at FVPL</u>		
Shariah-compliant investments	19,613,393	7,943,463
<u>Amortised Cost</u>		
Shariah-based deposits with financial institutions	46,548,574	17,578,632
Sundry receivables	273,855	45,540
Cash at bank	43,361	88,618
	<u>46,865,790</u>	<u>17,712,790</u>
Financial Liability		
<u>Amortised Cost</u>		
Sundry payables and accruals	1,402,633	43,640
Amount owing to Manager	10,551	4,237
Amount owing to Trustee	2,637	1,059
	<u>1,415,821</u>	<u>48,936</u>

17. FINANCIAL INSTRUMENTS (CONT'D)

17.4 GAINS AND LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2023 RM	2022 RM
Financial Assets		
<u>Mandatorily at FVPL</u>		
Gains recognised in profit or loss	744,876	278,244
	<hr/>	<hr/>
<u>Amortised Cost</u>		
Gains recognised in profit or loss	768,085	387,212
	<hr/>	<hr/>

17.5 FAIR VALUE INFORMATION

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

	Fair Value Financial Instruments			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	At Fair Value Level 2 RM	Level 3 RM		
2023					
Financial Asset:- Shariah-compliant investments		19,613,393		19,613,393	19,613,393
		<hr/>		<hr/>	<hr/>
2022					
Financial Asset:- Shariah-compliant investments	-	7,943,463	-	7,943,463	7,943,463
		<hr/>		<hr/>	<hr/>

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

8. CORPORATE DIRECTORY

Manager	Astute Fund Management Berhad [199701004894 (420390-M)]	
Business Office	3 rd Floor, 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
Shariah 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
	Dato' Dr. Mohamad Sabri bin Haron	Chairman and Independent Member
	Dr. Ab Halim bin Muhammad	Independent Member
Investment Committee	Mohd Fadhly bin Md. Yusoff	Independent Member
	Y.M. Dato' Tunku Ahmad Zahir bin Tunku Ibrahim	Independent Member
	Azran bin Osman Rani	Independent Member
Company Secretaries	Asgari bin Mohd Fuad Stephens	Non-Independent Member
	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