



# ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED  
30 NOVEMBER 2021

## AMANAH RAYA ISLAMIC EQUITY FUND

ARIEF

## **AMANAHRAYA ISLAMIC EQUITY FUND**

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**AMANAHRAYA ISLAMIC EQUITY FUND ('ARIEF')**  
**FUND INFORMATION**  
**For the Financial Year Ended 30 November 2021**

Fund Name	AmanahRaya Islamic Equity Fund ('ARIEF')																																			
Fund Type	Growth Fund																																			
Fund Category	Islamic Equity Fund																																			
Fund's Investment Objective	To provide investors with above average capital growth over a medium to long-term period by investing in a carefully selected portfolio of stocks which complies with the Shariah-Compliant Securities.																																			
Fund's Performance Benchmark	FTSE Bursa Malaysia Emas Shariah Index (obtainable from <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a> )																																			
Fund's Disribution Policy	Given its investment objective, the Fund is not expected to pay regular distribution.																																			
Breakdown of Unitholdings of ARIEF as at 30 November 2021	<table><tr><th>Size of Holdings</th><th>No. of Unit Holders</th><th>% of Unit Holders</th><th>No. of Units Held</th><th>% of Units Held</th></tr><tr><td>5,000 and below</td><td>169</td><td>90</td><td>141,663</td><td>1</td></tr><tr><td>5,001 to 10,000</td><td>9</td><td>5</td><td>52,533</td><td>0</td></tr><tr><td>10,001 to 50,000</td><td>8</td><td>4</td><td>151,206</td><td>0</td></tr><tr><td>50,001 to 500,000</td><td>1</td><td>1</td><td>58,081</td><td>0</td></tr><tr><td>500,001 and above</td><td>1</td><td>1</td><td>18,833,063</td><td>99</td></tr><tr><td>Total</td><td>188</td><td>100</td><td>19,236,546</td><td>100</td></tr></table>	Size of Holdings	No. of Unit Holders	% of Unit Holders	No. of Units Held	% of Units Held	5,000 and below	169	90	141,663	1	5,001 to 10,000	9	5	52,533	0	10,001 to 50,000	8	4	151,206	0	50,001 to 500,000	1	1	58,081	0	500,001 and above	1	1	18,833,063	99	Total	188	100	19,236,546	100
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**AMANAHRAYA ISLAMIC EQUITY FUND ('ARIEF')**  
**FUND PERFORMANCE**

			30.11.2021	30.11.2020	30.11.2019	30.11.2018	30.11.2017
1	Portfolio Composition						RM %
	Quoted Shariah-compliant equity securities		8,582,779 89.6	13,785,904 70.7	11,935,143 88.2	20,522,908 83.2	31,272,638 91
	Islamic deposits with financial institutions		1,004,645 10.5	8,665,305 44.4	1,183,317 9	4,438,406 18	4,181,643 12
	Other Assets/(Liabilities)		(7,235) (0)	(2,953,938) (15)	415,130 3	(306,052) (1)	(910,540) (3)
	Total		9,580,189 100	19,497,271 100	13,533,590 100	24,655,262 100	34,543,741 100
2	Total Net Asset Value ('NAV')	RM	9,580,189	19,497,271	13,533,590	24,655,262	34,543,741
3a	NAV per unit	RM	0.4980	0.5087	0.4987	0.5003	0.6318
3b	No. of Units in Circulation		19,236,546	38,331,393 units	27,637,096 units	49,276,525 units	54,671,908 units
4a	Highest NAV per unit	RM	0.5345	0.5275	0.5331	0.6683	0.6699
4b	Lowest NAV per unit	RM	0.4915	0.3692	0.4728	0.4975	0.6148
5a	Capital Return		-2.10%	3.86%	-2.10%	-20.81%	2.37%
5b	Income Return		-	-	-	-	0.55%
5c	Annual Total Return		-2.10%	3.86%	-2.10%	-20.81%	2.92%
5d	Annual Total Return ('ATR' )		-2.10%	3.86%	-2.10%	-20.81%	2.92%
6a	Gross Distribution (Per Unit) - Total		-	-	-	-	3.50 sen
6b	Net Distribution Per Unit (Per Unit) - Total		-	-	-	-	3.50 sen
6c	Date of Distribution		-	-	-	-	30.11.2017
6d	NAV per unit, before distribution		-	-	-	-	0.6656
6e	NAV per unit, after distribution		-	-	-	-	0.6318
7	Management Expense Ratio ('MER')	*	1.73%	2.00%	1.29%	1.77%	1.80%
8	Portfolio Turnover ('PTR')	#	0.57 times	1.95 times	2.19 times	1.38 times	1.32 times
9	Average Total Return:-						
	1-year		-2.10%	3.86%	-2.10%	-20.81%	2.92%
	3-year		-0.15%	-6.49%	-5.35%	-5.26%	3.39%
	5-year		-2.93%	-2.87%	-3.51%	-1.93%	5.24%
	10-year		1.42%	2.41%	-1.75%	-	-
	Since inception		3.93%	4.53%	4.41%	5.14%	9.99%
	[Launching Date: 23.04.2008]						

**NOTE**

The calculations of Annual and Average Total Returns are based on the method obtained from Lipper Asia Ltd.

1 Capital Return (%) = [(End of period NAV price / Beginning of period NAV price) - 1] x 100

2 Income Return (%) = [Gross Distribution / NAV price on ex-distribution date] x 100

3 Annual Total Return (%) = Capital Return + Income Return

4 Average Total Return (%) = Total Returns / Number of Years Under Review

**Past performance is not necessarily indicative of future performance  
and that unit prices and investment returns may fluctuate.**

\* Explanation for Differences in Management Expense Ratio ('MER')

The lower of MER from previous year is due to the decrease the Fund's average NAV in current year

# Explanation for Differences in Portfolio Turnover ('PTR')

The lower of PTR to 0.64 times from last year is attributed to active less trading activities in current year.

**AMANAHRAYA ISLAMIC EQUITY FUND (“ARIEF”)  
MANAGER’S REPORT  
For the Financial Year Ended 30 November 2021**

**Fund  
Performance  
& Investment  
Objective**

AmanahRaya Islamic Equity Fund (“the Fund”) is an Islamic equity fund with its investment objective of providing investors with above average capital growth over a medium to long term period by investing in a strategically selected portfolio of stocks which are in compliance with the Shariah Principle. Given its investment objective, the Fund is not expected to pay regular distribution of dividend.

During the year under review, the Fund had not fulfilled its objective in providing above average capital growth over a medium to long term period to its investors via investments in Shariah-compliant stocks/equities.

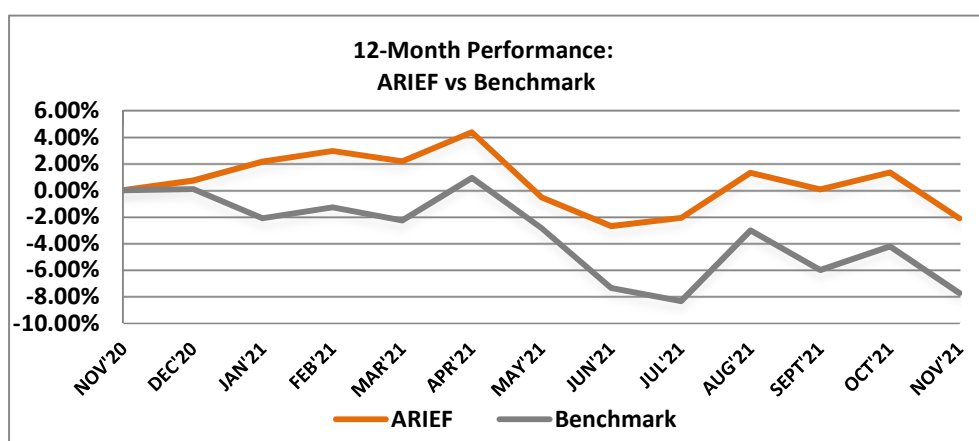
For the financial year under review ended 30 November 2021, the Fund registered a return of -2.10% as compared to FTSE Bursa Malaysia Emas Shariah Index's return of -7.75%. The outperformance of 5.65% was due to the selective exposure in small and mid-cap Shariah-compliant stocks.

The Net Asset Value (“NAV”) per unit of the Fund was at RM0.4980 on 30 November 2021, which depreciated by -1.07% from the NAV per unit of RM0.5087 as at 30 November 2020. For the financial year ended 30 November 2021, the Fund did not declare any income distribution. On the total NAV basis, the Fund's total NAV decrease at RM9.58 million as at 30 November 2021 compared to the previous NAV of RM19.50 million recorded as at 30 November 2020.

**Table 1: Analysis of Fund Performance**

	<b>FYE 30.11.2021</b>	<b>FYE 30.11.2020</b>	<b>FYE 30.11.2019</b>	<b>FYE 30.11.2018</b>	<b>FYE 30.11.2017</b>
NAV Per Unit	0.4980	0.5087	0.4897	RM0.5003	RM0.6318
Total NAV	RM9,580,189	RM19,497,272	RM13,533,590	RM24,655,262	RM34,543,741
Fund Return	(2.10%)	3.86%	(2.10%)	(20.91%)	8.28%
Benchmark	(7.75%)	13.41%	(0.35%)	(9.96%)	8.56%
Out/(Under) Performance	5.65%	(9.55%)	(1.75%)	(10.85%)	(0.28%)

**Figure 1: 12-Month Performance of ARIEF versus Benchmark for the financial year ended 30 November 2021**



	<p align="center"><b>Figure 2: Performance of ARIEF versus Benchmark for the last 5 years</b></p> <p align="center"><b>5-Year Performance: ARIEF vs Benchmark</b></p> <p align="center">— ARIEF — Benchmark</p> <p>Date of launch: 23 April 2008</p>										
<b>Strategy Employed</b>	As stipulated in the Prospectus, the Fund strives to achieve average capital growth over a medium to long term period by investing in a strategically selected portfolio of Shariah-compliant stock. The Fund invests in a diversified portfolio consisting primarily of high quality Shariah-compliant equities/stocks which have strong fundamentals. The Manager also seeks attractively priced companies in undervalued sectors, or in sectors that have strong upward stock price momentum, which demonstrate strong increases in earnings per share and continue to strengthen their fundamental capabilities.										
<b>Income Distribution</b>	For the financial year ended 30 November 2021 and 30 November 2020, the Fund did not declare any income distribution.										
<b>Asset Allocation</b>	<p>The Fund's asset allocation mix as at 30 November 2021 is as per Figure 3 below:</p> <p align="center"><b>Figure 3: Asset Allocation Mix for the Fund</b></p> <table border="1"> <thead> <tr> <th></th><th><b>As at 30 November 2021</b></th></tr> </thead> <tbody> <tr> <td>Shariah-compliant Equity</td><td align="right">89.59%</td></tr> <tr> <td>Asset/(Liabilities)</td><td align="right">(0.08%)</td></tr> <tr> <td>Islamic Deposit</td><td align="right">10.49%</td></tr> <tr> <td><b>Total</b></td><td align="right"><b>100.00%</b></td></tr> </tbody> </table>		<b>As at 30 November 2021</b>	Shariah-compliant Equity	89.59%	Asset/(Liabilities)	(0.08%)	Islamic Deposit	10.49%	<b>Total</b>	<b>100.00%</b>
	<b>As at 30 November 2021</b>										
Shariah-compliant Equity	89.59%										
Asset/(Liabilities)	(0.08%)										
Islamic Deposit	10.49%										
<b>Total</b>	<b>100.00%</b>										
<b>Market Review</b>	<p>The FBM EMAS Shariah Index recorded a -7.75% return for the period under review. The index started strongly in December 2020, fueled by the rebound of cyclical stocks on optimism of economic recovery, recording a high of 13,600 on 8 Dec. However, the recovery was short-lived and market turned bearish as a state of emergency was declared in the country together with a reinstatement of nationwide lockdown in January. The index continued to slide amidst multiple lockdowns, slow vaccination rate and new waves of Covid-19 infections and political uncertainties. Tan Sri Muhyiddin lost the majority support when the Malaysian Parliament reconvened in July leading to his resignation on 16 Aug. Market sentiment picked up thereafter following the gradual removal of movement restrictions as vaccination ramped up coupled with subsiding political uncertainties with Dato' Sri Ismail Sabri being sworn in as the 9<sup>th</sup> PM. Subsequently, the market took a beating and ended the financial year at 12,129 level as investors' sentiment turned negative on the announcement of the imposition of Cukai Makmur (33% tax for income above RM100million) and increase in stamp duty for share transactions under the Budget 2022, increasing hawkish tilt by the Fed as well as uncertainties brought about by the Omicron variant.</p>										

<b>Market Outlook</b>	<p>IMF expects global GDP to grow by 4.9% in 2022 (2021F: +5.9%). The slower growth is due to the continued virus prevalence, tight supply conditions as well as slowing demand growth. Production capacity constraints, bottlenecks and labour shortages have further strained the supply chain and resulted in higher inflation.</p> <p>US GDP growth is expected to slow in 2022 to +5.2% (2021F: +6.0%) as localized outbreaks remain a risk in the US given the uneven vaccination levels across the country. The job market remains tight with lack of worker supply, resulting in lower unemployment rate 4.2% in Nov and higher average hourly earnings growth +4.8% yoy in Nov. Inflation has surged 6.8% in Nov, fastest rate since 1982 due to higher food and energy prices. In response, the US Fed has begun its bond tapering process of USD 15 billion per month and will accelerate the pace of tapering going into next year. Majority of Fed members expects interest rates to be raised by as many as 3 times in 2022.</p> <p>Economic growth in the Eurozone is expected to slow to +4.3% in 2022 (2021F: +5.0%) by the IMF. Growth will be supported by strong consumption, with households reducing their saving rate and higher investments owing in part to national and European recovery plans. With the rapid reopening of the economy, supply chain bottlenecks and rebound in energy prices are pushing up inflation. ECB said it is unlikely to raise interest rates next year as it maintains a transitory view on inflation and sees limited secondary effects on wage growth. Bond purchases under its pandemic emergency purchase programme (PEPP) are still expected to end in Mar 2022.</p> <p>Meanwhile, China's GDP growth is projected to slow sharply to +5.6% in 2022 (2021F: +8.0%) by the IMF. The economy faces mounting headwinds from the new Omicron variant, severe property downturn to trade relations with the US. With the government's zero tolerance policy on Covid-19, China is likely continue to deploy strict lockdowns to contain sporadic outbreaks which could lead to more supply disruptions. Stringent regulations to manage the financial risks resulting from the Evergrande debt crisis will further weaken economic growth and dampen investors' sentiments. PBoC is expected to shift to a more supportive stance, avoiding large scale stimulus but keeping liquidity taps open to provide support when needed. While benchmark loan prime rates has remained stable, PBoC has cut reserve requirement ratio (RRR) twice this year, allowing banks to set aside less money to support the economy, indicating China's policy to further support growth going into 2022.</p> <p>On the domestic front, MoF expects Malaysia's GDP to grow by 5.5-6.5% % in 2022. This will be underpinned by significant improvement in global trade, stabilized commodity prices, containment of the pandemic and gradual improvement in consumer and business sentiments. Uncertainties on new variants and continued virus prevalence, which if not successfully contained, could lead to tighter restrictions and weigh on the economy. Headline inflation is expected to be modest at 2.0% in 2022 while BNM will likely be patient in increasing OPR, with a possible +25bps hike in the 2H2022, when recovery is more entrenched.</p> <p><i>Source: IMF, OECD, Bloomberg, KAF, Hong Leong Research</i></p>
<b>Investment Strategy</b>	<p>While the economic growth momentum picks up next year, corporate earnings are expected to contract by 1% due to the one-off windfall tax, "Cukai Makmur" announced in the Budget 2022. We remain cautious and defensive, given the fragile political backdrop, uncertainties over new Covid variants as well as timing and pace of US rate hikes. We will adopt a bottom-up approach as Shariah-compliant stock picking remains key to outperformance and we will continue to invest in companies with good growth prospects, decent profit margins, strong cash flow and balance sheet. Potential thematic plays for 2022 are in the oil &amp; gas, building material, technology and manufacturing sectors.</p>
<b>Significant Changes in the State of Affairs of the Fund</b>	<p>The description and explanation are described in Pages 3 to 4 (under 'Fund Performance &amp; Investment Objective' and under 'Strategy Employed'). Overall, other than those described and explained in these paragraphs, there were no significant changes in the state of affairs of the Fund during the financial period and up to the date of Manager's Report.</p>

<b>Rebates and Soft Commissions</b>	<p>A soft commission may be retained by the Manager or its delegate for payment of goods and services such as research material, data and quotation services, and investment management tools, which are demonstrably beneficial to unit holders. Rebates, if any, on stockbroking transactions will be credited to the Fund. All dealings with brokers are executed on terms which are the best available for the Fund. During the financial year under review, the Manager has received soft commission to pay for research material, data and quotation services which are indirectly beneficial to the unitholders.</p>
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## **AMANAHRAYA ISLAMIC EQUITY FUND**

### **STATEMENT BY MANAGER**

To the unit holders of  
AMANAHRAYA ISLAMIC EQUITY FUND

We, Dato' Haji Ramli Bin Chik and Roszali Bin Ramlee, being two of the Directors of AMANAHRAYA INVESTMENT MANAGEMENT SDN. BHD., the Manager of AMANAHRAYA ISLAMIC EQUITY FUND ("the Fund"), do hereby state that, in the opinion of the Manager, the financial statements of the Fund for the year ended 30 November 2021, together with the notes thereto, have been properly drawn up in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of Securities Commission's Guidelines on Unit Trust Funds in Malaysia so as to give a true and fair view of the financial position of the Fund as at 30 November 2021, and of its financial performance and cash flows for the year then ended.

Signed on behalf of AMANAHRAYA INVESTMENT MANAGEMENT SDN. BHD., being the Manager of AMANAHRAYA ISLAMIC EQUITY FUND, in accordance with a resolution of the Directors dated 25 January 2022.

DATO' HAJI RAMLI BIN CHIK  
Director

ROSZALI BIN RAMLEE  
Managing Director /  
Chief Executive Officer

Kuala Lumpur, Malaysia  
25 January 2022

## **AMANAHRAYA ISLAMIC EQUITY FUND**

### **STATEMENT BY TRUSTEE**

To the unit holders of  
AMANAHRAYA ISLAMIC EQUITY FUND

We, PB Trustee Services Berhad ("the Trustee") have acted as Trustee of AMANAHRAYA ISLAMIC EQUITY FUND ("the Fund") for the year ended 30 November 2021. During the year under review, to the best of our knowledge, we are of the opinion that AmanahRaya Investment Management Sdn. Bhd. ("the Manager") has fulfilled their duties in the following manner:

1. The Fund is being managed in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deed, the Securities Commission's Guidelines on the Unit Trust Funds in Malaysia, the Capital Market and Services Act 2007 and other applicable laws;
2. The procedures and processes employed by the Manager to value and/or price the units of the Fund are adequate and in accordance with the Deed and relevant regulatory requirements; and
3. The sale, repurchase, creation and cancellation of the Fund's units are carried out in accordance with the Deed, the Guidelines and other relevant regulatory requirements.

Yours faithfully

For and on behalf of  
PB TRUSTEE SERVICES BERHAD  
(Company No. 7968-T)

CHEAH KUAN YOON  
Chief Executive Officer

Kuala Lumpur, Malaysia  
25 January 2022

## **AMANAHRAYA ISLAMIC EQUITY FUND**

### **SHARIAH ADVISER'S REPORT**

#### **TO THE UNIT HOLDERS OF AMANAHRAYA ISLAMIC EQUITY FUND ("FUND")**

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, AmanahRaya Investment Management Sdn. Bhd. has operated and managed the Fund for the period covered by these financial statements namely, year ended 30 November 2021, in accordance with Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The asset of the Fund comprises instruments that have been classified as Shariah compliant.

For and on behalf of the Shariah Adviser,  
**BIMB SECURITIES SDN BHD**

**NURUSSA'ADAH NASARUDIN**  
Designated Shariah Officer

Kuala Lumpur, Malaysia  
25 January 2022

## **Independent auditors' report to the unit holders of AmanahRaya Islamic Equity Fund ("the Fund")**

### **Report on the financial statements**

#### *Opinion*

We have audited the financial statements of AmanahRaya Islamic Equity Fund ("the Fund"), which comprise the statement of financial position as at 30 November 2021, statement of comprehensive income, statement of changes in equity 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 and other explanatory information, 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 November 2021, and of its financial performance and 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 Code of Ethics for Professional Accountants (including International Independence Standard) ("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 (the "Manager") is responsible for the other information. The other information comprises the information of the Fund, Fund Performance and Manager's Report but does not include the financial statements of the Fund and our auditors' report thereon.

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

## **Independent auditors' report to the unit holders of AmanahRaya Islamic Equity Fund ("the Fund") (Contd.)**

### *Information other than the financial statements and auditors' report thereon (Contd.)*

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

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

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

The Manager 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 intends 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.

**Independent auditors' report to the unit holders of  
AmanahRaya Islamic Equity Fund ("the Fund") (Contd.)**

*Auditors' responsibilities for the audit of the financial statements (Contd.)*

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

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

**Independent auditors' report to the unit holders of  
AmanahRaya Islamic Equity Fund ("the Fund") (Contd.)**

**Other matters**

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds issued by Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT  
2020060000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Ahmad Hammami Bin Muhyidin  
No. 03313/07/2023 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
25 January 2022

**AMANAHRAYA ISLAMIC EQUITY FUND****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 NOVEMBER 2021**

	<b>Note</b>	<b>2021 RM</b>	<b>2020 RM</b>
<b>INCOME</b>			
Profit on Islamic deposits		55,493	32,727
Realised losses on sale of Shariah-compliant investments		(587,415)	(55,861)
Dividend income		569,515	264,949
Fair value changes on fair value through profits or loss ("FVTPL") investments		139,291	360,695
		<u>176,884</u>	<u>602,510</u>
<b>EXPENDITURE</b>			
Management fees	3	284,402	151,144
Trustee's fees	4	18,000	18,000
Auditors' remuneration		15,000	15,000
Administrative expenses		10,668	16,517
		<u>328,070</u>	<u>200,661</u>
<b>NET LOSS BEFORE TAXATION</b>		(151,186)	401,849
<b>TAXATION</b>	5	-	-
<b>NET LOSS AFTER TAXATION</b>		<u>(151,186)</u>	<u>401,849</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<u>(151,186)</u>	<u>401,849</u>
Net loss after taxation is made up of the following:			
Net realised (loss)/gain		(290,477)	41,154
Net unrealised gains		139,291	360,695
		<u>(151,186)</u>	<u>401,849</u>

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



**AMANAHRAYA ISLAMIC EQUITY FUND**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2021**

	<b>Note</b>	<b>2021 RM</b>	<b>2020 RM</b>
<b>ASSETS</b>			
Quoted Shariah-compliant investments	6	8,582,779	13,785,904
Islamic deposits with financial institutions	7	1,004,645	8,665,305
Amount due from Manager		298	99
Other receivables	9	34,063	11,080
Cash at bank		5,232	5,925
<b>TOTAL ASSETS</b>		<u>9,627,017</u>	<u>22,468,313</u>
<b>LIABILITIES</b>			
Amount due to Manager		12,908	15,152
Other payables	10	33,920	2,955,890
<b>TOTAL LIABILITIES</b>		<u>46,828</u>	<u>2,971,042</u>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>	11	<u>9,580,189</u>	<u>19,497,271</u>
<b>EQUITY</b>			
Unit holders' capital		14,241,526	24,007,422
Accumulated losses		(4,661,337)	(4,510,151)
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	11	<u>9,580,189</u>	<u>19,497,271</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	12	<u>19,236,546</u>	<u>38,331,393</u>
<b>NAV PER UNIT</b>		<u>0.4980</u>	<u>0.5087</u>

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

**AMANAHRAYA ISLAMIC EQUITY FUND**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 NOVEMBER 2021**

	<b>Unit holders' capital RM</b>	<b>Accumulated losses RM</b>	<b>Total NAV RM</b>
<b>At 1 December 2019</b>	18,445,590	(4,912,000)	13,533,590
Creation of units	10,403,086	-	10,403,086
Cancellation of units	(4,841,254)	-	(4,841,254)
Total comprehensive income for the year	-	401,849	401,849
<b>At 30 November 2020</b>	<b>24,007,422</b>	<b>(4,510,151)</b>	<b>19,497,271</b>
<b>At 1 December 2020</b>	24,007,422	(4,510,151)	19,497,271
Creation of units	34,305	-	34,305
Cancellation of units	(9,800,201)	-	(9,800,201)
Total comprehensive loss for the year	-	(151,186)	(151,186)
<b>At 30 November 2021</b>	<b>14,241,526</b>	<b>(4,661,337)</b>	<b>9,580,189</b>

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

**AMANAHRAYA ISLAMIC EQUITY FUND****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 NOVEMBER 2021**

	<b>2021 RM</b>	<b>2020 RM</b>
<b>CASH FLOW FROM OPERATING AND INVESTING ACTIVITIES</b>		
Purchase of Shariah-compliant investments	(11,266,132)	(17,490,037)
Proceeds from sale of Shariah-compliant investments	13,106,393	19,307,246
Profit income received	54,613	31,788
Dividend income received	547,413	268,649
Management fee paid	(286,646)	(153,297)
Trustee's fee paid	(25,226)	(9,694)
Payment of other fees and expenses	(25,669)	(42,317)
Net cash generated from operating and investing activities	<u>2,104,746</u>	<u>1,912,338</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	34,102	10,402,987
Payment on cancellation of units	<u>(9,800,201)</u>	<u>(4,841,254)</u>
Net cash (used in)/generated from financing activities	<u>(9,766,099)</u>	<u>5,561,733</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(7,661,353)</u>	<u>7,474,071</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>8,671,230</u>	<u>1,197,159</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>1,009,877</u>	<u>8,671,230</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash at bank	5,232	5,925
Islamic deposits with financial institutions	<u>1,004,645</u>	<u>8,665,305</u>
	<u>1,009,877</u>	<u>8,671,230</u>

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

## **AMANAHRAYA ISLAMIC EQUITY FUND**

### **NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2021**

#### **1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES**

AMANAHRAYA ISLAMIC EQUITY FUND (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of the Deed dated 24 November 2006, and Supplemental Deeds between the Manager, the Trustee, PB Trustee Services Berhad and the Registered Holders of the Fund. With effect from 21 January 2010, AmanahRaya Investment Management Sdn. Bhd. (“ARIM”) was appointed as the Manager for the Fund, replacing AmanahRaya Unit Trust Management Sdn. Bhd. (“ARUTM”) through a business transfer exercise.

The principal activity of the Fund is to invest in “Authorised Investments” as defined under the Seventh Schedule of the Supplemental Deed. The “Authorised Investments” mainly include Shariah-compliant securities, Islamic Accepted Bills, Islamic deposits, Islamic Negotiable Instruments and Islamic Collective Investment Schemes. The Fund commenced operations on 23 April 2008 and will continue its operations until terminated by the Trustee as provided under Clause 12 of the Deed.

ARIM is a company incorporated in Malaysia and is a wholly-owned subsidiary company of Amanah Raya Berhad (“ARB”), a public limited liability company, incorporated and domiciled in Malaysia. The principal activities of ARIM are those of fund management, as defined under Schedule 2 of the Capital Markets & Services Act 2007 (“CMSA”), as well as the marketing and management of unit trust funds.

The financial statements were authorised for issue by the Board of Directors of ARIM in accordance with a resolution of the Directors on 25 January 2022.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Basis of Preparation**

The financial statements of the Fund have been prepared on a historical cost basis, except as otherwise stated in the accounting policies and comply with Malaysian Financial Reporting Standard (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of Securities Commission’s Guidelines on Unit Trust Funds in Malaysia.

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

The significant accounting policies adopted are consistent with those applied in the previous financial year end except for the adoption of new MFRSs, Amendments to MFRSs and IC Interpretations which are effective for the financial year beginning on or after 1 December 2020. These new MFRSs, Amendments to MFRSs and IC Interpretations did not give rise to any significant effect on the financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.1 Basis of Preparation (Contd.)

#### Pronouncements issued but not yet effective:

Description	Effective for financial period beginning on or after
- Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16) *	1 January 2021
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020"	1 January 2022
- Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations) *	1 January 2022
- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment) *	1 January 2022
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets) *	1 January 2022
- MFRS 17 - Insurance Contracts *	1 January 2023
- Amendments to MFRS 17 Insurance Contracts *	1 January 2023
- Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
- Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
- Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
- Covid-19 - Related Rent Concessions beyond 30 June 2021 (amendment to MFRS 16 Leases)	1 April 2021
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) *	To be announced

\* These MFRSs, Amendments to MFRSs and IC Interpretations are not relevant to the Fund.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.2 Summary of Significant Accounting Policies**

#### **(a) Financial Assets**

Financial assets are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

The Fund recognises financial assets and financial liabilities in the Statement of Financial Position on the date it becomes a party to the contractual provisions of the instruments.

Regular way purchase and sales of all categories of investments in financial instruments are recognised on trade dates i.e. dates on which the Fund commits to purchase or sell the financial instruments.

The Fund determines the classification of its financial assets and financial liabilities at initial recognition, and the categories include financial assets at fair value through profit or loss.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at FVTPL. Financial assets carried at FVTPL are initially recognised at fair value, and transaction costs are expensed in profit or loss. Trade receivables are measured at their transaction price.

#### *Financial assets at fair value through profit or loss*

Financial assets classified as financial assets at fair value through profit or loss are all financial assets acquired for the purpose of generating a profit from short-term fluctuations in price, or financial assets that qualify for neither held at amortised cost nor at fair value through other comprehensive income ("FVOCI").

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with gain and loss recognised in profit or loss.

The fair values of quoted investments are determined by reference to last done prices at the close of the business at the reporting date.

The fair value of collective investment scheme is determined from last published repurchase price at the reporting date as reported by the management company of such funds and as agreed by the Trustee and the Manager so as to reflect its fair value.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.2 Summary of Significant Accounting Policies (Contd.)**

#### **(a) Financial Assets (contd.)**

##### *Financial assets carried at amortised cost*

Financial assets are measured at amortised cost if the assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows which represent solely payments of principal and profit.

#### **(b) Impairment of financial assets**

The Fund apply the Expected Credit Loss model ("ECL") to financial assets measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

There are three stages to credit risk impairment as follows:

- Stage 1 (performing) where the credit risk has not increased
- Stage 2 (under-performing) where the credit risk has increased
- Stage 3 (non-performing) where the financial asset is credit

Stage 1 requires for ECL to be measured based on the next 12 months, whereas stage 2 and 3 require for ECL to be measured based on the lifetime of credit risk exposure.

The Fund measure the related ECL of a financial asset in a way that reflects:

- (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (ii) the time value of money; and
- (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Criteria to consider in determining an increase in the credit risk:

- (i) Significant financial difficulty of the issuer or obligor;
- (ii) A breach of contract such as default or delinquency in profit or principal payments for more than 3 months;
- (iii) It becomes probable that the obligor will enter bankruptcy, entered into liquidation or appointed receiver/liquidator;
- (iv) Disappearance of an active market for that financial asset because of financial difficulties; and

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.2 Summary of Significant Accounting Policies (Contd)**

#### **(b) Impairment of financial assets (Contd.)**

- (v) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including adverse changes in the payment status of obligors in the portfolio and national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective profit rate. The asset's carrying amount is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss by adjusting the allowance account.

For financing commitments, the date that the Fund becomes a party to the irrevocable commitment shall be considered to be the date of initial recognition for the purposes of applying the impairment requirement.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

#### **(c) Financial Liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liabilities.

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

The Fund includes in this category the amount due to Manager and other short term payables. Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit method.

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



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **2.2 Summary of Significant Accounting Policies (Contd.)**

#### **(d) Unit holders' Capital**

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments.

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

#### **(e) Cash and Cash Equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at bank and Islamic deposits with financial institutions which have an insignificant risk of changes in value.

#### **(f) Income Recognition**

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

Profit income is recognised using the effective profit method.

#### **(g) Taxation**

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

#### **(h) Significant Accounting Estimates and Judgements**

The preparation of the Fund's financial statements requires the Manager to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

### 3. MANAGEMENT FEES

Clause 13.1.2 of the Deed provides that the Manager is entitled to a fee not exceeding 1.50% per annum of Net Asset Value ("NAV") attributable to the unit holders of the Fund, calculated and accrued daily as agreed between the Manager and Trustee.

The management fee charged for the financial year ended 30 November 2021 is 1.50% per annum (2020: 1.50% per annum) of the NAV of the Fund.

### 4. TRUSTEE'S FEES

Clause 13.2.2 of the Deed provides that the Trustee is entitled to a fee not exceeding 0.08% per annum of NAV attributable to the unit holders of the Fund, calculated and accrued daily subject to a minimum fee of RM18,000 per annum.

The Trustee's fee charged for the financial year ended 30 November 2021 is 0.08% per annum (2020: 0.08% per annum) of the NAV of the Fund, subject to a minimum fee of RM18,000 per annum.

### 5. TAXATION

Income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable income for the financial year.

Taxation is calculated on investment income less partial deduction for permitted expenses as provided for under Section 63B of the Income Tax Act, 1967. The effective tax rate does not approximate the statutory tax rate mainly due to income exempted from tax in accordance with Section 6 of the Income Tax Act, 1967.

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

	<b>2021 RM</b>	<b>2020 RM</b>
Net loss before taxation	<u>(151,186)</u>	<u>401,849</u>
Taxation at Malaysian statutory rate of taxation of 24% (2020: 24%)	(36,285)	96,444
Tax effects of:		
(Income not subject to tax)/losses not deductible	(42,452)	(144,602)
Expenses not deductible for tax purposes	6,880	8,284
Restriction on tax deductible expenses for unit trust funds	7,186	3,988
Tax deductible expenses not fully utilised	<u>64,671</u>	<u>35,887</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

## 6. QUOTED SHARIAH-COMPLIANT INVESTMENTS

The Fund's Shariah-compliant investments are classified as financial asset. The market prices are determined by reference to the market bid prices as published by Bursa Malaysia Securities Berhad, in its valuation of the FVTPL financial assets.

The composition of quoted Shariah-compliant equity securities as at 30 November 2021 are as follows:

Name of Counter	Number of Shares Held Units	Aggregate Cost RM	Market Value at 30.11.2021 RM	Market Value over Net Asset Value %
<b>Construction</b>				
IJM Corporation Berhad	130,000	219,756	228,800	2.39
<b>Consumer Products &amp; Services</b>				
MBM Resources Berhad	73,000	239,602	229,950	2.40
Petronas Dagangan Berhad	2,000	52,664	39,800	0.42
	75,000	292,266	269,750	2.82
<b>Energy</b>				
Dialog Group Berhad	100,000	361,602	256,000	2.67
<b>Financial Services</b>				
Bank Islam Malaysia Berhad	76,600	240,130	224,438	2.34
Syarikat Takaful Malaysia Keluarga Berhad	50,138	243,138	182,502	1.90
	126,738	483,268	406,940	4.24
<b>Health Care</b>				
IHH Healthcare Berhad	40,000	236,952	262,400	2.74
Top Glove Corporation Berhad	65,000	493,654	190,450	1.99
	105,000	730,606	452,850	4.73

## 6. QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTD.)

Name of Counter	Number of Shares Held Units	Aggregate Cost RM	Market Value at 30.11.2021 RM	Market Value over Net Asset Value %
<b>Industrial Products and Services</b>				
Dufu Technology Corporation Berhad	50,000	192,199	206,500	2.16
Greotech Technology Berhad	50,000	308,773	345,500	3.61
Lotte Chemical Titan Holding Berhad	41,157	119,051	87,664	0.92
Petronas Chemicals Group Berhad	50,000	390,649	424,500	4.43
Press Metal Aluminium Holdings Berhad	60,000	238,537	320,400	3.34
Scientex Berhad	30,000	106,681	135,000	1.41
SKP Resources Berhad	72,500	125,745	134,850	1.41
V.S. Industry Berhad	80,000	98,468	115,200	1.20
	<u>433,657</u>	<u>1,580,103</u>	<u>1,769,614</u>	<u>18.48</u>
<b>Plantation</b>				
IOI Corporation Berhad	60,000	268,101	220,800	2.30
Kuala Lumpur Kepong Berhad	13,000	302,705	273,520	2.86
Sime Darby Plantation Berhad	50,000	263,184	184,000	1.92
TSH Resources Berhad	250,000	281,826	267,500	2.79
	<u>373,000</u>	<u>1,115,816</u>	<u>945,820</u>	<u>9.87</u>
<b>Islamic REITS</b>				
Axis Real Estate Investment Trust	<u>196,100</u>	<u>415,497</u>	<u>384,356</u>	<u>4.01</u>
<b>Technology</b>				
CTOS Digital Berhad	100,000	151,962	185,000	1.93
Frontken Corporation Berhad	70,000	232,756	263,200	2.75
JHM Consolidation Berhad	140,000	278,793	246,400	2.57
Inari Amertron Berhad	50,000	129,116	209,000	2.18
Pentamaster Corporation Berhad	32,500	151,548	184,275	1.92
Unisem (M) Berhad	65,000	268,596	272,350	2.84
UWC Berhad	65,000	282,867	382,200	3.99
	<u>522,500</u>	<u>1,495,638</u>	<u>1,742,425</u>	<u>18.18</u>

## 6. QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTD.)

Name of Counter	Number of Shares Held Units	Aggregate Cost RM	Market Value at 30.11.2021 RM	Market Value over Net Asset Value %
<b>Telecommunication &amp; Media</b>				
Axiata Group Berhad	69,275	282,388	268,788	2.81
Digi.Com Berhad	50,000	219,063	208,000	2.17
Time dotCom Berhad	40,000	160,857	179,200	1.87
Telekom Malaysia Berhad	54,000	264,181	299,700	3.13
	<u>213,275</u>	<u>926,489</u>	<u>955,688</u>	<u>9.98</u>
<b>Transportation &amp; Logistic</b>				
MISC Berhad	<u>35,000</u>	<u>268,470</u>	<u>232,750</u>	<u>2.43</u>
<b>Utilities</b>				
Mega First Corporation Berhad	25,000	89,032	86,750	0.91
Petronas Gas Berhad	10,000	181,629	168,200	1.76
Tenaga Nasional Berhad	73,900	877,138	682,836	7.12
	<u>108,900</u>	<u>1,147,799</u>	<u>937,786</u>	<u>9.79</u>
<b>Total</b>	<u>2,419,170</u>	<u>9,037,310</u>	<u>8,582,779</u>	<u>89.59</u>

During the year, the Fund reported the following realised (loss)/gain and dividend income for the Shariah-compliant investments:

	2021 RM	2020 RM
Realised (loss)/gain to profit or loss:		
- Realised losses on sale of quoted Shariah-compliant investments	(587,415)	(55,861)
- Dividend income	569,515	264,949
	<u>(17,900)</u>	<u>209,088</u>

## 7. ISLAMIC DEPOSITS WITH FINANCIAL INSTITUTIONS

The weighted average rate of return per annum and average maturity of Islamic deposits with financial institutions as at the reporting date were as follows:

	2021		2020	
	Weighted average rate of return % p.a.	Average Maturity Days	Weighted average rate of return % p.a.	Average Maturity Days
Short-term Islamic deposit	1.91	9	1.60	2

## 8. SHARIAH INFORMATION OF THE FUND

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

- (a) Equity securities listed on Bursa Malaysia which have been classified as Shariah-compliant by the Shariah Advisory Council ("SAC") of the Securities Commission ("SC") for the corresponding period;
- (b) Investment in collective investment scheme listed on Bursa Malaysia Securities Berhad which was verified as Shariah-compliant by the Shariah Adviser; and
- (c) Liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

## 9. OTHER RECEIVABLES

	2021 RM	2020 RM
Dividend receivables	30,052	7,950
Profit income receivable	2,011	1,130
Other receivable	2,000	2,000
	<u>34,063</u>	<u>11,080</u>

## 10. OTHER PAYABLES

	2021 RM	2020 RM
Amount due to brokers	-	2,914,743
Amount due to Trustee	3,520	10,747
Other payables	30,400	30,400
	<u>33,920</u>	<u>2,955,890</u>

## 11. NET ASSET VALUE OF THE FUND

The components of the equity attributable to unit holders as at the reporting date are as follows:

	Note	2021 RM	2020 RM
Units in circulation	12	14,241,526	24,007,422
Accumulated losses		<u>(4,661,337)</u>	<u>(4,510,151)</u>
		<u>9,580,189</u>	<u>19,497,271</u>

## 12. UNITS IN CIRCULATION

	2021		2020	
	Units	RM	Units	RM
At beginning of year	38,331,393	24,007,422	27,637,096	18,445,590
Creation of units	67,085	34,305	20,384,896	10,403,086
Cancellation of units	<u>(19,161,932)</u>	<u>(9,800,201)</u>	<u>(9,690,599)</u>	<u>(4,841,254)</u>
At end of year	<u>19,236,546</u>	<u>14,241,526</u>	<u>38,331,393</u>	<u>24,007,422</u>

During the current and previous financial year ended 30 November 2021 and 30 November 2020 respectively, ARB did not holds any units in the Fund.

## 13. TRANSACTIONS WITH STOCKBROKING COMPANIES

Details of transaction with dealers for the year ended 30 November 2021 are as follows:

Stock Broker	Value of trade		Brokerage fees	
	RM	%	RM	%
Maybank Investment Bank Berhad	4,567,399	21.29	11,457	22.26
Affin Hwang Investment Bank Berhad	3,532,740	16.46	8,824	17.14
AmInvestment Bank Berhad	3,438,739	16.03	8,609	16.73
RHB Investment Bank Berhad	2,632,467	12.27	7,037	13.67
TA Securities Sdn Bhd	2,341,989	10.91	5,857	11.38
BIMB Securities Sdn Bhd	2,251,870	10.49	5,655	10.99
UOB Kay Hian Securities (M) Sdn Bhd	2,039,250	9.50	4,029	7.83
Public Nominees Sdn Bhd	653,327	3.05	-	-
	<u>21,457,781</u>	<u>100.00</u>	<u>51,468</u>	<u>100.00</u>

### 13. TRANSACTIONS WITH STOCKBROKING COMPANIES (CONTD.)

The dealings with the above stockbroking companies have been transacted at arm's length based on the normal terms in the stockbroking industry. None of the parties mentioned above is related to the Manager.

### 14. PORTFOLIO TURNOVER RATIO

	2021	2020
Portfolio Turnover Ratio ("PTR")	<u>0.57 times</u>	<u>1.95 times</u>

PTR is the ratio of the average of acquisition and disposals of Shariah-compliant investments for the year to the average net asset value of the Fund for the year calculated on a daily basis.

### 15. MANAGEMENT EXPENSE RATIO

	2021	2020
Management Expense Ratio ("MER")	<u>1.73%</u>	<u>2.00%</u>

MER is the ratio of the sum of fees and recovered expenses of the Fund to the average net asset value of the Fund for the year calculated on a daily basis.

### 16. FINANCIAL INSTRUMENTS

#### Fair Values

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

**(i) Cash at bank, Islamic deposits with financial institutions, other receivables, amount due from Manager and other payables**

The carrying balances approximate the fair values due to the relatively short-term maturity of these financial instruments.

**(ii) Financial instruments that are carried at fair value**

The Fund's investment at FVTPL are carried at the fair value.

**(iii) Fair Value Hierarchy**

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:



## 16. FINANCIAL INSTRUMENTS (CONTD.)

### Fair Values (Contd.)

#### (iii) Fair Value Hierarchy (Contd.)

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

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

As at 30 November 2021 and 30 November 2020, the Shariah-compliant investment are categorised under Level 1.

During the financial year ended 30 November 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

## 17. INVESTMENT SEGMENT INFORMATION

The Manager of the Fund is responsible for allocating resources available to the Fund in accordance with the overall investment strategies as set out in the Investment Guidelines of the Fund. The Fund is managed into one main operating segment which invests in various financial instruments. The following table provides information by financial instruments:

### 1.12.2020 to 30.11.2021

	Quoted Shariah- compliant equity investments RM	Islamic deposits with financial institutions RM	Total RM
<b>Income</b>			
Profit from Islamic deposits	-	55,493	55,493
Realised loss on sale of Shariah-compliant investment	(587,415)	-	(587,415)
Fair value changes on fair value through profits or loss ("FVTPL") investments	139,291	-	139,291
Dividend income	569,515	-	569,515
	<u>121,391</u>	<u>55,493</u>	<u>176,884</u>
Unallocated expenditure			(328,070)
Net loss before taxation			(151,186)
Taxation			-
<b>Net loss after taxation</b>			<u>(151,186)</u>

## 17. INVESTMENT SEGMENT INFORMATION (CONTD.)

As at 30.11.2021

	Quoted Shariah- compliant equity investments RM	Islamic deposits with financial institutions RM	Total RM
<b>Assets</b>			
Segment assets			
- Shariah-compliant investments	8,582,779	1,004,645	9,587,424
- Other receivables	30,052	2,011	32,063
	<u>8,612,831</u>	<u>1,006,656</u>	<u>9,619,487</u>
Other unallocated assets			7,530
			<u>9,627,017</u>
<b>Total equity and liabilities</b>			
Unallocated liabilities			46,828
Total equity			<u>9,580,189</u>
			<u>9,627,017</u>

1.12.2019 to 30.11.2020

<b>Income</b>			
Profit from Islamic deposits	-	32,727	32,727
Realised gain on sale of Shariah-compliant investment	(55,861)	-	(55,861)
Fair value changes on fair value through profits or loss ("FVTPL") investments	360,695		360,695
Dividend income	264,949	-	264,949
	<u>569,783</u>	<u>32,727</u>	<u>602,510</u>
Unallocated expenditure			(200,661)
Net income before taxation			401,849
Taxation			-
<b>Net income after taxation</b>			<u>401,849</u>

As at 30.11.2020

<b>Assets</b>			
Segment assets			
- Shariah-compliant investments	13,785,904	8,665,305	22,451,209
- Other receivables	7,950	1,130	9,080
	<u>13,793,854</u>	<u>8,666,435</u>	<u>22,460,289</u>
Other unallocated assets			8,024
			<u>22,468,313</u>
<b>Total equity and liabilities</b>			
Unallocated liabilities			2,971,042
Total equity			<u>19,497,271</u>
			<u>22,468,313</u>

## **18. FINANCIAL RISK AND MANAGEMENT POLICIES**

### **(a) Introduction**

The Fund is exposed to a variety of financial risks, including market risk (which consists of only interest rate risk), credit risk, liquidity risk, Shariah status reclassification risk and the current COVID-19 pandemic. The overall financial risk management objective of the Fund is to mitigate capital losses.

Financial risk management is carried out through policy reviews, internal control systems and adherence to the investment powers and restrictions stipulated in the Securities Commission's Guidelines on Unit Trust Funds in Malaysia and the Deed of the Fund.

### **(b) Market Risk**

the Fund's principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments.

Financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel of Covid-19. The outbreak of Covid-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The outcome of global and local financial markets are highly uncertain and cannot be predicted at this point in time. Due to this, the Manager of the Fund is unable to reliably estimate the quantitative impact of Covid-19 towards the Fund's performance for the next twelve months. The Manager of the Fund will continue to actively monitor the developments in the market to minimise any potential impact to the Fund.

The Fund's market risk is affected primarily the following risks:

#### **(i) Equity price risk**

Equity price risk is the risk of unfavourable changes in the fair values of Shariah-compliant equities as the result of changes in the levels the value of individual Shariah-compliant shares. The equity price risk exposure arises from the Fund's quoted Shariah-compliant equity investments. The Fund manages this risk by investing in a variety of industries within Bursa Malaysia KLCI.

The Manager's best estimate of the effect on the other comprehensive income for a year due to a reasonably possible change of individual Shariah-compliant shares, with all other variables held constant is indicated in the table below. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. An equivalent decrease in each of the indices shown below would have resulted in an equivalent, but opposite, impact.

## 18. FINANCIAL RISK AND MANAGEMENT POLICIES (CONTD.)

### (b) Market Risk (Contd.)

#### (i) Equity price risk (Contd.)

	Changes in Shariah-compliant equity prices %	Effects on other comprehensive income for the year Increase/ (decrease) RM	Effects on Shariah- compliant equity Increase/ (decrease) RM
<b>2021</b>	+10	858,278	858,278
	-10	(858,278)	(858,278)
<b>2020</b>	+10	1,378,590	1,378,590
	-10	(1,378,590)	(1,378,590)

#### (ii) Interest rate risk sensitivity

The following table demonstrates the sensitivity of the Fund's profit/(loss) for the year and other comprehensive income to a reasonably possible change in interest rates, with all other variables held constant. The sensitivity is in the effect of the assumed changes in interest rates on the net profit income for one year, based on the floating rate financial assets held at the reporting date.

	Changes in basis point*	Sensitivity of profit income and profit Increase/ (decrease) RM
<b>2021</b>	+25	66
	-25	(66)
<b>2020</b>	+25	130
	-25	(130)

\* The assumed changes in basis points for interest rate sensitivity analysis are based on the currently observable market environment.

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

## 18. FINANCIAL RISK AND MANAGEMENT POLICIES (CONTD.)

### (c) Credit Risk

Credit risk refers to the ability of an issuer or a counterparty to make timely payments of profit, principal and proceeds from realisation of investments. The Manager manages the credit risk by setting counterparty limits and undertaking credit evaluation to minimise such risk.

As at reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of Islamic deposits with financial institutions and other receivables recognised in the statement of financial position.

#### Credit quality of financial assets

The following table analyses the Fund's Islamic deposits with financial institutions and other receivables by rating category as at 30 November 2021:

Credit rating	2021 RM	2020 RM
AA3	-	2,500,318
AAA	290,013	1,002,025
A2	714,632	-
A1	-	5,162,962
Unrated	34,063	11,080
	<u>1,038,708</u>	<u>8,676,385</u>

### (d) Liquidity Risk

The Fund maintains sufficient levels of Islamic liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellation of units by unit holders. Islamic liquid assets comprise cash, Islamic deposits with financial institutions and other instruments, which are easily converted into cash. The Fund's policy is to always maintain a prudent level of Islamic liquid assets so as to reduce the liquidity risk.

The following table summarises the maturity profile of the Fund's financial liabilities:

	Less than 1 month RM	1 month - 3 months RM	Total RM
<b>2021</b>			
Financial liabilities:			
Amount due to the Manager	12,908	-	12,908
Amount due to the Trustee	3,520	-	3,520
Amount due to Brokers/other financial liabilities	-	30,400	30,400
	<u>16,428</u>	<u>30,400</u>	<u>46,828</u>

## 18. FINANCIAL RISK AND MANAGEMENT POLICIES (CONTD.)

### (d) Liquidity Risk (contd.)

	Less than 1 month RM	1 month - 3 months RM	Total RM
<b>2020</b>			
Financial liabilities:			
Amount due to the Manager	15,152	-	15,152
Amount due to the Trustee	10,747	-	10,747
Amount due to Brokers/other financial liabilities	2,914,743	30,400	2,945,143
	<u>2,940,642</u>	<u>30,400</u>	<u>2,971,042</u>

### (e) Risk management structure

The Fund's Manager is responsible for identifying and controlling risks. The Board of Directors of the Manager is ultimately responsible for the overall risk management approach within the Fund.

### (f) Shariah Status Reclassification Risk

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

Opportunity loss could occur due to the restriction on the Fund to retain the excess capital gains derived from the disposal of the reclassified Shariah non-compliant securities. In such an event, the Fund is required:

- (i) to dispose of such securities with immediate effect or within one (1) calendar month if the value of the securities exceeds or is equal to the investment cost on the effective date of reclassification of the list of Shariah-compliant securities ("Reclassification") by the SAC of the SC or date of review ("Review") by the Shariah Adviser. The Fund is allowed to keep dividends received and capital gains from the disposal of the securities up to the effective date of Reclassification or Review. However, any dividends received and excess capital gains from the disposal of the Shariah non-compliant securities after the effective date of Reclassification or Review should be channelled to *baitulmal* and/or charitable bodies approved by the Shariah Adviser;

## 18. FINANCIAL RISK AND MANAGEMENT POLICIES (CONTD.)

### (f) Shariah Status Reclassification Risk (contd.)

- (ii) to hold such securities if the value of the said securities is below the investment cost on the effective date of Reclassification or Review until the total subsequent dividends received (if any) and the market price of the securities is equal to the cost of investment at which time disposal has to take place within one (1) calendar month, excess capital gains (if any) from the disposal of the securities should be channelled to *baitulmal* and/or charitable bodies approved by the Shariah Adviser; or
- (iii) to dispose of such securities at a price lower than the investment cost which will result in a decrease in the Fund's value.

### (g) Risk measurement and reporting system

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Manager and Trustee. These limits reflect the investment strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks type and activities.

### (h) Risk mitigation

The Fund has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy. The Manager also has a Compliance Department to ensure that the Fund complies with the various regulations and guidelines as stipulated in its Trust Deed, the Securities Commission's Guidelines on Unit Trust Funds and the Capital Markets and Services Act, 2007.

The Manager will take reasonable steps to ensure that the above potential risks are managed by:

- Actively monitoring the Fund's asset allocation to ensure minimum impact from any adverse market movements. The Manager will ensure that the investments are carefully selected through fundamental analysis and portfolio diversification.
- Investing the Fund over a wide range of investments of different companies which provides diversification across a number of sectors and industries, minimising the risk not only of any single company's issuance becoming worthless, but also of all holdings suffering uniformly adverse business conditions.

The Manager will seek to reduce all these risks as associated with the Fund by virtue of its experience, by adopting the analytical process and by structuring a broadly diversified investment pool.

## **18. FINANCIAL RISK AND MANAGEMENT POLICIES (CONTD.)**

### **(i) Excessive risk concentration**

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentration of risk, the Fund's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio in accordance with the Fund's Trust Deed, the Manager's guidelines and the Securities Commission's Guidelines on Unit Trust Funds. Portfolio diversification across a number of sectors and industries minimises the risk not only of any single company's securities becoming worthless but also of all holdings suffering uniformly adverse business conditions. Specifically, the Fund's Trust Deed and Securities Commission's Guidelines on Unit Trust Funds limits the Fund's exposure to a single entity/industry sector to a certain percentage of its NAV.

## **19. SIGNIFICANT EVENT AND SUBSEQUENT EVENT**

The Covid-19 pandemic brought about uncertainty in the financial market which resulted in volatility of the money market. Thus there is uncertainty of the impact on the Fund's net asset value.

The Manager is monitoring the situation closely and will be actively managing the portfolio to achieve the Fund's objective. Due to the uncertainty of the impact of Covid-19 pandemic and the future developments cannot be accurately predicted at this stage, therefore a reliable estimate of such an impact beyond the reporting date cannot be made at the date of the authorisation of these financial information.



# Corporate Information

## Fund: AmanahRaya Islamic Equity Fund ('ARIEF')

<b>The Manager</b>	<b>AmanahRaya Investment Management Sdn Bhd (309646-H)</b> Level 7 & 8, Wisma AmanahRaya No 2 Jalan Ampang 50508 Kuala Lumpur Tel: (03) 2687 5200 Fax: (03) 2687 5300 Website: <a href="http://www.arim.com.my">www.arim.com.my</a> E-mail: <a href="mailto:sales@arim.com.my">sales@arim.com.my</a>
<b>Board of Directors</b>	Dato' Haji Ramli bin Chik* Encik Hassan bin Ibrahim* Datuk Ismail bin Kamaruddin* Encik Ahmad Suhaimi bin Endut Encik Mohd Razlan bin Mohamed* Encik Roszali bin Ramlee ( <i>Managing Director / Chief Executive Officer</i> )  <i>*Independent Director</i>
<b>Investment Committee Members</b>	Encik Hassan bin Ibrahim* Encik Ahmad Suhaimi bin Endut Encik Mohd Razlan bin Mohamed* Datuk Ismail bin Kamaruddin*  <i>*Independent Member</i>
<b>Shariah Adviser</b>	<b>BIMB Securities Sdn Bhd</b> 32 <sup>nd</sup> Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: (03) 2613 1600 Fax: (03) 2613 1799
<b>Company Secretary</b>	Jerry Jesudian A/L Joseph Alexander (MAICSA 7019735) Tingkat 11 Wisma AmanahRaya No 2 Jalan Ampang 50450 Kuala Lumpur
<b>Trustee of the Fund</b>	<b>PB Trustee Services Berhad</b> 17 <sup>th</sup> Floor, Menara Public Bank No. 146, Jalan Ampang 50450 Kuala Lumpur Tel: (03) 2176 6000 Fax: (03) 2164 3285
<b>Banker of the Fund</b>	<b>Malayan Banking Berhad</b> KL Main Branch Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur
<b>Auditor of the Manager and the Fund</b>	<b>Ernst &amp; Young</b> Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Tel: (03) 7495 8000 Fax: (03) 2095 5332

## Corporate Information

*(continued)*

<b>Tax Consultant of the Fund</b>	<b>Ernst &amp; Young Tax Consultants Sdn Bhd</b> Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Tel: (03) 7495 8000 Fax: (03) 2095 5332
<b>Senior Management Staff</b>	Encik Roszali bin Ramlee <i>Managing Director / Chief Executive Officer</i>  Encik Mohamad Shafik Bin Badaruddin <i>Chief Investment Officer</i>  Encik Ridza bin Ahmad Jalaludin <i>Head of Compliance – Designated Compliance Officer</i>