



ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED
30 NOVEMBER 2022

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 2022

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 www.bursamalaysia.com)				
Fund's Disribution Policy	Given its investment objective, the Fund is not expected to pay regular distribution.				
Breakdown of Unitholdings as at 30 November 2022	Size of Holdings	No. of Unit Holders	% of Unit Holders	No. of Units Held	% of Units Held
	5,000 and below	162	90	125,674	1
	5,001 to 10,000	11	6	65,328	0
	10,001 to 50,000	6	3	124,191	0
	50,001 to 500,000	1	1	58,080	0
	500,001 and above	1	1	18,833,063	99
	Total	181	100	19,206,336	100

AMANAHRAYA ISLAMIC EQUITY FUND ('ARIEF')
FUND PERFORMANCE

			30 November 2022	30 November 2021	30 November 2020	30 November 2019	30 November 2018
1	Portfolio Composition						
	Quoted Shariah-compliant equity securities		7,277,680 85	8,582,779 90	13,785,904 71	11,935,143 88	20,522,908 83
	Islamic deposits with financial institutions		1,340,444 16	1,004,645 10	8,665,305 44	1,183,317 9	4,438,406 18
	Other Assets/(Liabilities)		(28,537) 0	(7,235) 0	(2,953,938) -15	415,130 3	(306,052) (1)
	Total		8,589,587 100	9,580,189 100	19,497,271 100	13,533,590 100	24,655,262 100
2	Total Net Asset Value ('NAV')	RM	8,589,587	9,580,189	19,497,271	13,533,590	24,655,262
3a	NAV per unit	RM	0.4472	0.4980	0.5087	0.4987	0.5003
3b	No. of Units in Circulation		19,206,336 units	19,236,546 units	38,331,393 units	27,637,096 units	49,276,525 units
4a	Highest NAV per unit	RM	0.5042	0.5345	0.5275	0.5331	0.6683
4b	Lowest NAV per unit	RM	0.4133	0.4915	0.3692	0.4728	0.4975
5a	Capital Return		-10.20%	-2.10%	3.86%	-2.10%	-20.81%
5b	Income Return		-	-	-	-	-
5c	Annual Total Return		-10.20%	-2.10%	3.86%	-2.10%	-20.81%
5d	Annual Total Return ('ATR')		-10.20%	-2.10%	3.86%	-2.10%	-20.81%
6a	Gross Distribution (Per Unit) - Total		-	-	-	-	-
6b	Net Distribution Per Unit (Per Unit) - Total		-	-	-	-	-
6c	Date of Distribution		-	-	-	-	-
6d	NAV per unit, before distribution		-	-	-	-	-
6e	NAV per unit, after distribution		-	-	-	-	-
7	Total Expense Ratio ('TER')	*	2.00%	1.73%	2.00%	1.29%	1.77%
8	Portfolio Turnover Ratio ('PTR')	#	0.12 times	0.57 times	1.95 times	2.19 times	1.38 times
9	Average Total Return:-						
	1-year		-10.20%	-2.10%	3.86%	-2.10%	-20.81%
	3-year		-2.90%	-0.15%	-6.49%	-5.35%	-5.26%
	5-year		-5.84%	-2.93%	-2.87%	-3.51%	-1.93%
	10-year		-1.07%	1.42%	2.41%	-1.75%	-
	Since inception		2.58%	3.93%	4.53%	4.41%	5.14%
	[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 Total Expense Ratio ('TER')**

The higher of TER from previous year is due to the slightly decrease the Fund's average NAV in current year.

Explanation for Differences in Portfolio Turnover ('PTR')

The lower of PTR to 0.12 times from last year is attributed to active less trading activities during the year under review.

**AMANAHRAYA ISLAMIC EQUITY FUND (“ARIEF”)
MANAGER’S REPORT
For the Financial Year Ended 30 November 2022**

**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 2022, the Fund registered a return of -10.20% as compared to FTSE Bursa Malaysia Emas Shariah Index’s return of -11.09%. The outperformance of 0.89%% was attributed to Shariah-compliant stock selection in telcos and allocation in healthcare sector.

The Net Asset Value (“NAV”) per unit of the Fund was at RM0.4472 on 30 November 2022, which depreciated by -10.20% from the NAV per unit of RM0.4980 as at 30 November 2021. For the financial year ended 30 November 2022, the Fund did not declare any income distribution. On the total NAV basis, the Fund’s total NAV decrease at RM8.59 million as at 30 November 2022 compared to the previous NAV of RM9.58 million recorded as at 30 November 2021.

Table 1: Analysis of Fund Performance

	FYE 30.11.2022	FYE 30.11.2021	FYE 30.11.2020	FYE 30.11.2019	FYE 30.11.2018
NAV Per Unit	0.4472	0.4980	0.5087	0.4897	RM0.5003
Total NAV	RM8,589,587	RM9,580,189	RM19,497,272	RM13,533,590	RM24,655,262
Fund Return	(10.20%)	(2.10%)	3.86%	(2.10%)	(20.91%)
Benchmark	(11.09%)	(7.75%)	13.41%	(0.35%)	(9.96%)
Out/(Under) Performance	0.89%	5.65%	(9.55%)	(1.75%)	(10.85%)

Figure 1: 12-Month Performance of ARIEF versus Benchmark for the financial year ended 30 November 2022

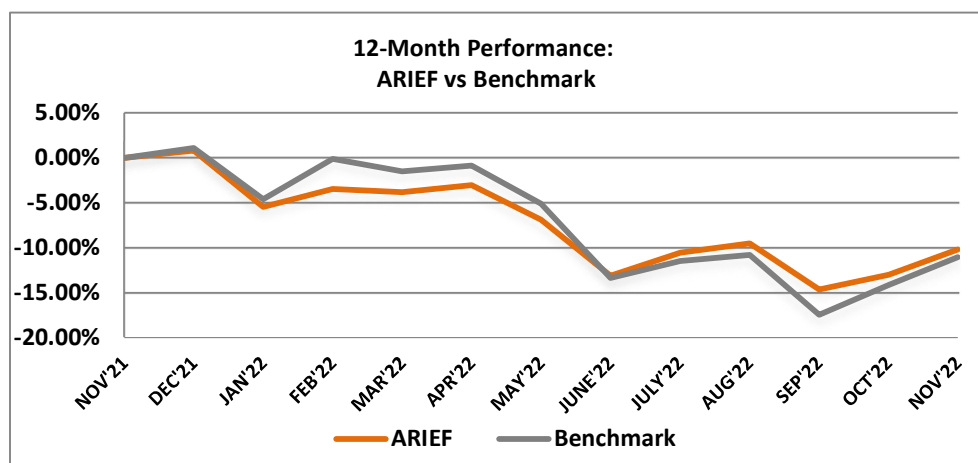
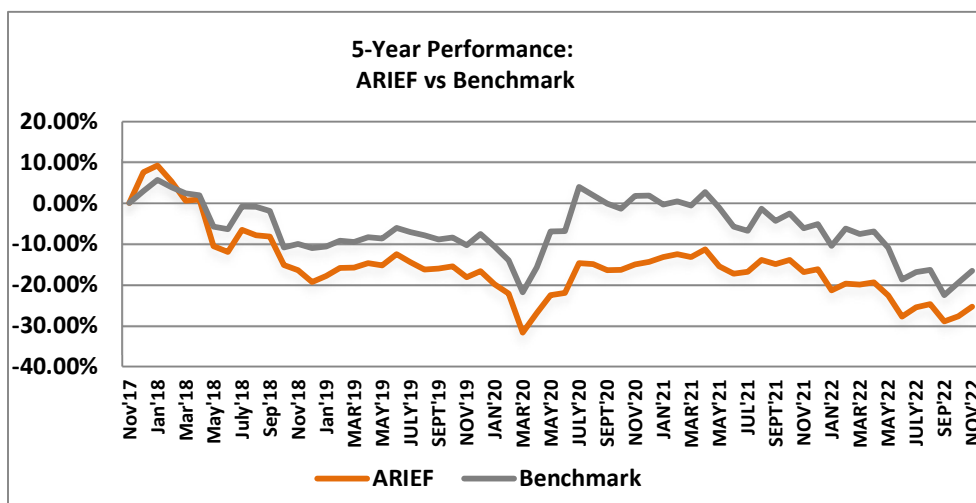


Figure 2: Performance of ARIEF versus Benchmark for the last 5 years



Date of launch: 23 April 2008

**Strategy
Employed**

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.

**Income
Distribution**

For the financial year ended 30 November 2022, the Fund did not declare any income distribution due to no realized income to recover unrealized losses from previous years.

**Portfolio
Composition**

The Fund's asset allocation is as per Figure 3 below:

Figure 3: Asset Allocation for the Fund

	30 November 2022	30 November 2021
Shariah-compliant Equity	84.73%	89.59%
Asset/(Liabilities)	(0.34%)	(0.08%)
Islamic Deposit	15.61%	10.49%
Total	100.00%	100.00%

During the financial year under review, the Fund had maintained the exposure in Shariah-compliant Equity to yield enhancement above the minimum required level of 70%.

	the announcement. The FBM EMAS Shariah Index recorded a -11.09% return for the period under review.
Market Outlook	<p>Markets are expected to remain challenging going into 2023. IMF expects global growth to slow from 3.2% in 2022 to 2.7 % in 2023 due to the slowdown in global economic activities, particularly in the three big economies, US, EU and China coupled with tightening financial conditions and higher inflation higher than seen in decades.</p> <p>Fed officials expect US GDP growth to slow to 0.5% in 2023. Economic weakness in US will likely intensify in 2023 as it grapples with dual headwinds of rising interest rates and high inflation. While inflation has somewhat moderated, it remains dependent on the oil market dynamics, Ukraine crisis and China's reopening. The Fed expects core inflation to fall to 3.5% in 2023 and interest rates to reach 5.1%, according to its latest median forecast.</p> <p>Eurozone's economy is expected to grow by 0.5% in 2023, according to ECB, dragged by high energy prices arising from the Russia Ukraine conflict. The European Central Bank ("ECB") forecasts inflation for the bloc at 6.3% next year, well above its 2% target, due to surging energy prices as well as high food and services costs. ECB guided for interest rates to remain elevated to ensure inflation comes down sustainably while markets expect terminal rate of 3.45% in 2023. ECB also signaled that it would start to unwind its EUR5 trillion bond portfolio starting March 2023 gradually.</p> <p>Meanwhile International Monetary Fund ("IMF") expects China, the world's second largest economy, to grow by 4.4% in 2023. The easing of its zero Covid policy and reopening of its border will be key growth catalyst. Nonetheless, the first half will see a spike in infections and limited participation in the labor force with improvement in growth prospects likely in the second half. The on-going property crisis will likely continue to be a drag to the economy despite its policymakers' measures to stabilize and support the sector.</p> <p>On the domestic front, Ministry of Finance ("MOF") expects Malaysia to grow by 4-5% in 2023, driven by resilient domestic demand which will likely offset external and domestic headwinds such as lower global growth, tightening global financial conditions elevated living costs and labour shortages. Inflation is anticipated to range between 2.8 to 3.3% in 2023 while BNM will likely normalize interest rates to 3 – 3.5% in 2023 to keep inflation risks at bay as well as to balance the external pressure from US continued tightening.</p> <p><i>Source: IMF, ECB, Bloomberg, RHB Research, and MOF</i></p>
Investment Strategy	<p>Equity markets are expected to remain volatile in the near term due to elevated inflation, continued monetary tightening, rising recessionary risks as well as persistent geopolitical tensions. On the bright side, the global interest rate hike cycle is at likely at its tail-end and China reopening will bode well for the global economy in the medium term. Domestically, political uncertainties have somewhat eased but regulatory risk is now elevated pending the new government's direction. Corporate earnings will remain resilient boosted by the expiry of prosperity tax. Our strategy is to remain cautious and defensive in light of the global headwinds. 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. Sector-wise, we continue to favour oil & gas, manufacturing, building material and consumer sectors.</p>
Significant Changes in the State of Affairs of the Fund	<p>The description and explanation are described in Pages 3 to 4 (under 'Fund Performance & 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>

Rebates and Soft Commissions	<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.</p> <p>During the financial year under review, the Manager has received soft commissions to pay for research material, data and quotation services which are indirectly beneficial to the unitholders and was no churning of trades.</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 Datuk Ismail Bin Kamaruddin, 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 2022, 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 2022, 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 31 January 2023.

DATO' HAJI RAMLI BIN CHIK
Director

DATUK ISMAIL BIN KAMARUDDIN
Director

Kuala Lumpur, Malaysia
31 January 2023

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 2022. 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
31 January 2023

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, the year ended 30 November 2022, in accordance with 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

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

IR. DR. MUHAMAD FUAD ABDULLAH
Designated Shariah Person

Kuala Lumpur, Malaysia
31 January 2023

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

Report on the audit of 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 2022, and the 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 15 to 39.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 November 2022, 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 Fund Information, 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
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Muhammad Syarizal Bin Abdul Rahim
No. 03157/01/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
31 January 2023

AMANAHRAYA ISLAMIC EQUITY FUND**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2022**

	Note	2022 RM	2021 RM
INCOME			
Profit on Islamic deposits		24,198	55,493
Realised losses on sale of Shariah-compliant investments		(581,720)	(587,415)
Dividend income		311,412	569,515
Fair value changes on fair value through profits or loss ("FVTPL") investments		<u>(554,530)</u>	<u>139,291</u>
		<u>(800,640)</u>	<u>176,884</u>
EXPENDITURE			
Management fees	3	132,023	284,402
Trustee's fees	4	18,000	18,000
Auditors' remuneration		15,000	15,000
Administrative expenses		<u>10,656</u>	<u>10,668</u>
		<u>175,679</u>	<u>328,070</u>
NET LOSSES BEFORE TAXATION		<u>(976,319)</u>	<u>(151,186)</u>
TAXATION	5	<u>-</u>	<u>-</u>
NET LOSSES AFTER TAXATION		<u>(976,319)</u>	<u>(151,186)</u>
TOTAL COMPREHENSIVE LOSSES FOR THE YEAR		<u>(976,319)</u>	<u>(151,186)</u>
Net losses after taxation is made up of the following:			
Net realised losses		(421,789)	(290,477)
Net unrealised (loss)/gain		<u>(554,530)</u>	<u>139,291</u>
		<u>(976,319)</u>	<u>(151,186)</u>

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

AMANAHRAYA ISLAMIC EQUITY FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2022**

	Note	2022 RM	2021 RM
ASSETS			
Quoted Shariah-compliant investments	6	7,277,680	8,582,779
Islamic deposits with financial institutions	7	1,340,444	1,004,645
Amount due from Manager		-	298
Other receivables	9	18,697	34,063
Cash at bank		5,164	5,232
TOTAL ASSETS		8,641,985	9,627,017
LIABILITIES			
Amount due to Manager		10,291	12,908
Amount due to Trustee		11,507	3,520
Other payables	10	30,600	30,400
TOTAL LIABILITIES		52,398	46,828
NET ASSET VALUE ("NAV") OF THE FUND	11	8,589,587	9,580,189
EQUITY			
Unit holders' capital		14,227,243	14,241,526
Accumulated losses		(5,637,656)	(4,661,337)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	11	8,589,587	9,580,189
NUMBER OF UNITS IN CIRCULATION	12	19,206,336	19,236,546
NAV PER UNIT		0.4472	0.4980

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 2022**

	Unit holders' capital RM	Accumulated losses RM	Total NAV RM
At 1 December 2020	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)
At 30 November 2021	14,241,526	(4,661,337)	9,580,189
At 1 December 2021	14,241,526	(4,661,337)	9,580,189
Creation of units	4,576	-	4,576
Cancellation of units	(18,859)	-	(18,859)
Total comprehensive loss for the year	-	(976,319)	(976,319)
At 30 November 2022	14,227,243	(5,637,656)	8,589,587

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 2022**

	2022 RM	2021 RM
CASH FLOW FROM OPERATING AND INVESTING ACTIVITIES		
Purchase of Shariah-compliant investments	(961,571)	(11,266,132)
Proceeds from sale of Shariah-compliant investments	1,130,417	13,106,393
Profit income received	25,760	54,613
Dividend income received	325,216	547,413
Management fee paid	(134,641)	(286,646)
Trustee's fee paid	(10,013)	(25,226)
Payment of other fees and expenses	(25,452)	(25,669)
Net cash generated from operating and investing activities	<u>349,716</u>	<u>2,104,746</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from creation of units	4,874	34,102
Payment on cancellation of units	(18,859)	(9,800,201)
Net cash used in from financing activities	<u>(13,985)</u>	<u>(9,766,099)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	335,731	(7,661,353)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,009,877	8,671,230
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,345,608</u>	<u>1,009,877</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash at bank	5,164	5,232
Islamic deposits with financial institutions	<u>1,340,444</u>	<u>1,004,645</u>
	<u>1,345,608</u>	<u>1,009,877</u>

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

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

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 31 January 2023.

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 2021. These new MFRSs, Amendments to MFRSs and IC Interpretations did not give rise to any significant effect on the financial statements.

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

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
- MFRS 17 <i>Insurance Contracts</i> and Amendments to MFRS 17*	1 January 2023
- Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contracts</i>)*	1 January 2023
- Amendments to MFRS 101 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current</i>	1 January 2023
- Amendments to MFRS 101 <i>Presentation of Financial Statements: Disclosure of Accounting Policies</i>	1 January 2023
- Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
- Amendments to MFRS 112 <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
- Amendments to MFRS 16 <i>Leases: Lease Liability in a Sale and Leaseback</i> *	1 January 2024
- Amendments to MFRS 101 <i>Presentation of Financial Statements: Non-current Liabilities with Covenants</i>	1 January 2024
- Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> *	Deferred

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

These new MFRSs, Amendments to MFRSs and IC Interpretations are not expected to have any significant impact to the financial statements upon their initial application.

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies

(a) Financial Instruments

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.

(b) Financial Assets

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 Shariah-compliant investments are determined by reference to last done prices at the close of the business at the reporting date.

The fair value of Islamic 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.

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(b) 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.

Financial assets at amortised cost require the use of the effective profit method and are subject to MFRS 9 impairment rules.

(c) Impairment of financial assets

The Fund applies 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.

For trade receivables, the Fund applies the simplified approach to measure lifetime expected credit losses at all times.

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 losses have been determined.

(d) 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.

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd)

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

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 2022 is 1.50% per annum (2021: 1.50% per annum) of the NAV of the Fund. The calculation of management fee during the year is based on 365 days.

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 2022 is 0.08% per annum (2021: 0.08% per annum) of the NAV of the Fund, subject to a minimum fee of RM18,000 per annum. The calculation of trustee fee during the year is based on 365 days.

5. TAXATION

Income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 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:

	2022 RM	2021 RM
Net losses before taxation	(976,319)	(151,186)
Taxation at Malaysian statutory rate of taxation of 24% (2021: 24%)	(234,317)	(36,285)
Tax effects of:		
Losses not deductible/(income not subject to tax)	192,154	(42,452)
Expenses not deductible for tax purposes	6,877	6,880
Restriction on tax deductible expenses for unit trust funds	3,529	7,186
Tax deductible expenses not fully utilised	31,757	64,671
Tax expense for the financial year	-	-

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

6. QUOTED SHARIAH-COMPLIANT INVESTMENTS

	2022 RM	2021 RM
Shariah-compliant equity securities	7,277,680	8,582,779

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 2022 are as follows:

Name of Counter	Number of Shares Held Units	Aggregate Cost RM	Market Value at 30.11.2022 RM	Market Value over Net Asset Value %
Construction				
IJM Corporation Berhad	130,000	219,756	208,000	2.42
Consumer Products & Services				
MBM Resources Berhad	73,000	239,602	241,630	2.81
PETRONAS Dagangan Berhad	2,000	52,664	47,520	0.55
Sime Darby Berhad	70,000	170,593	150,500	1.75
	145,000	462,859	439,650	5.11
Energy				
Dialog Group Berhad	100,000	361,602	227,000	2.64
Financial Services				
Bank Islam Malaysia Berhad	79,900	248,413	204,544	2.38
Syarikat Takaful Malaysia Keluarga Berhad	50,138	243,138	173,477	2.02
	130,038	491,551	378,021	4.40
Health Care				
IHH Healthcare Berhad	40,000	236,952	232,000	2.70

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

6. QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTD.)

Name of Counter	Number of Shares Held Units	Aggregate Cost RM	Market Value at 30.11.2022 RM	Market Value over Net Asset Value %
Industrial Products and Services				
Dufu Technology Corporation Berhad	50,000	192,199	85,500	1.00
Pantech Group holdings Berhad	400,000	250,138	286,000	3.33
PETRONAS Chemicals Group Berhad	56,000	450,907	478,240	5.57
Press Metal Aluminium Holdings Berhad	70,000	310,847	338,800	3.94
Scientex Berhad	30,000	106,681	100,500	1.17
Thong Guan Industries Berhad	40,000	100,512	99,600	1.16
V.S. Industry Berhad	80,000	98,468	72,800	0.85
	<u>726,000</u>	<u>1,509,752</u>	<u>1,461,440</u>	<u>17.02</u>
Plantation				
Hap Seng Plantations Holdings Berhad	30,000	90,431	59,700	0.70
IOI Corporation Berhad	60,000	268,101	229,200	2.67
Kuala Lumpur Kepong Berhad	13,000	302,705	271,700	3.16
Sime Darby Plantation Berhad	50,000	263,184	213,000	2.48
TSH Resources Berhad	250,000	281,826	295,000	3.43
	<u>403,000</u>	<u>1,206,247</u>	<u>1,068,600</u>	<u>12.44</u>
Islamic REITS				
Axis Real Estate Investment Trust	197,437	417,850	361,310	4.21

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

6. QUOTED SHARIAH-COMPLIANT INVESTMENTS (CONTD.)

Name of Counter	Number of Shares Held Units	Aggregate Cost RM	Market Value at 30.11.2022 RM	Market Value over Net Asset Value %
Technology				
CTOS Digital Berhad	100,000	151,962	140,000	1.63
Frontken Corporation Berhad	70,000	232,756	217,700	2.53
Greotech Technology Berhad	50,000	308,773	230,000	2.68
JHM Consolidation Berhad	140,000	278,793	106,400	1.24
My E.G. Services Berhad	100,000	103,825	88,000	1.02
UWC Berhad	65,000	282,867	268,450	3.13
	<u>525,000</u>	<u>1,358,976</u>	<u>1,050,550</u>	<u>12.23</u>
Telecommunication & Media				
Axiata Group Berhad	69,275	282,388	223,758	2.60
Digi.Com Berhad	50,000	219,063	199,500	2.32
TIME dotCom Berhad	40,000	160,857	195,200	2.27
Telekom Malaysia Berhad	54,898	269,040	306,880	3.57
	<u>214,173</u>	<u>931,348</u>	<u>925,338</u>	<u>10.76</u>
Transportation & Logistic				
MISC Berhad	<u>35,000</u>	<u>268,470</u>	<u>251,650</u>	<u>2.94</u>
Utilities				
PETRONAS Gas Berhad	10,000	181,629	168,000	1.97
Tenaga Nasional Berhad	53,900	639,753	506,121	5.89
	<u>63,900</u>	<u>821,382</u>	<u>674,121</u>	<u>7.86</u>
Total	<u>2,709,548</u>	<u>8,286,745</u>	<u>7,277,680</u>	<u>84.73</u>

During the year, the Fund reported the following realised losses and dividend income for the Shariah-compliant investments:

	2022 RM	2021 RM
Realised losses to profit or loss:		
- Realised losses on sale of quoted Shariah-compliant investments	(581,720)	(587,415)
- Dividend income	311,412	569,515
	<u>(270,308)</u>	<u>(17,900)</u>

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

7. ISLAMIC DEPOSITS WITH FINANCIAL INSTITUTIONS

	2022 RM	2021 RM
Total short-term Islamic deposit	1,340,444	1,004,645

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:

	2022		2021	
	Weighted average rate of return % p.a.	Average Maturity Days	Weighted average rate of return % p.a.	Average Maturity Days
Short-term Islamic deposit	2.89	2	1.91	9

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

	2022 RM	2021 RM
Dividend receivables	16,248	30,052
Profit income receivable	449	2,011
Other receivable	2,000	2,000
	18,697	34,063

AMANAHRAYA ISLAMIC EQUITY FUND**NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022****10. OTHER PAYABLES**

	2022 RM	2021 RM
Provision for audit fee	22,000	22,000
Provision for tax agent fee	8,600	8,400
	<u>30,600</u>	<u>30,400</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	2022 RM	2021 RM
Unit holders' capital	12	14,227,243	14,241,526
Accumulated losses:			
- Realised losses		(4,628,591)	(4,206,802)
- Unrealised losses		(1,009,065)	(454,535)
		<u>8,589,587</u>	<u>9,580,189</u>

12. UNITS IN CIRCULATION

	2022		2021	
	Units	RM	Units	RM
At beginning of year	19,236,546	14,241,526	38,331,393	24,007,422
Creation of units	9,880	4,576	67,085	34,305
Cancellation of units	(40,090)	(18,859)	(19,161,932)	(9,800,201)
At end of year	<u>19,206,336</u>	<u>14,227,243</u>	<u>19,236,546</u>	<u>14,241,526</u>

During the financial year and as at 30 November 2022, the Manager did not hold any units in the Fund but Amanah Raya Berhad held 18,833,063 units in the Fund (30 November 2021: 18,833,063 units).

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

13. TRANSACTIONS WITH DEALERS

Details of transaction with dealers for the year ended 30 November 2022 are as follows:

Dealer	Value of trade		Brokerage fees	
	RM	%	RM	%
TA Securities Sdn Bhd	621,641	29.72	1,549	29.83
UOB Kay Hian Securities (M) Sdn Bhd	437,887	20.93	1,096	21.11
Maybank Investment Bank Berhad	351,697	16.81	877	16.89
Affin Hwang Investment Bank Berhad	273,374	13.07	686	13.21
BIMB Securities Sdn Bhd	263,400	12.59	661	12.73
RHB Investment Bank Berhad	128,494	6.14	323	6.23
Public Nominees Sdn Bhd	15,494	0.74	-	-
	<u>2,091,987</u>	<u>100.00</u>	<u>5,192</u>	<u>100.00</u>

The dealings with the above dealer 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

	2022	2021
Portfolio Turnover Ratio ("PTR")	<u>0.12 times</u>	<u>0.57 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. TOTAL EXPENSE RATIO

	2022	2021
Total Expense Ratio ("TER")	<u>2.00%</u>	<u>1.73%</u>

TER 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.

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

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:

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 2022 and 30 November 2021, the Shariah-compliant investment are categorised under Level 1.

There were no transfers between Level 1 and Level 2 for both financial year ended.

AMANAHRAYA ISLAMIC EQUITY FUND**NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022****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:

1.12.2021 to 30.11.2022

	Quoted Shariah- compliant equity investments RM	Islamic deposits with financial institutions RM	Total RM
Income			
Profit on Islamic deposits	-	24,198	24,198
Realised loss on sale of Shariah-compliant investment	(581,720)	-	(581,720)
Fair value changes on fair value through profits or loss ("FVTPL") investments	(554,530)	-	(554,530)
Dividend income	311,412	-	311,412
	<u>(824,838)</u>	<u>24,198</u>	<u>(800,640)</u>
Unallocated expenditure			(175,679)
Net loss before taxation			(976,319)
Taxation			-
Net loss after taxation			<u><u>(976,319)</u></u>

As at 30.11.2022**Assets**

Segment assets			
- Shariah-compliant investments	7,277,680	1,340,444	8,618,124
- Other receivables	16,248	449	16,697
	<u>7,293,928</u>	<u>1,340,893</u>	<u>8,634,821</u>
Other unallocated assets			7,164
			<u><u>8,641,985</u></u>

Total equity and liabilities

Unallocated liabilities			52,398
Total equity			<u>8,589,587</u>
			<u><u>8,641,985</u></u>

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

17. INVESTMENT SEGMENT INFORMATION (CONTD.)

1.12.2020 to 30.11.2021

	Quoted Shariah- compliant equity investments RM	Islamic deposits with financial institutions RM	Total RM
Income			
Profit on Islamic deposits	-	55,493	55,493
Realised gain 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			-
Net loss after taxation			<u>(151,186)</u>
As at 30.11.2021			
Assets			
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>
Total equity and liabilities			
Unallocated liabilities			46,828
Total equity			<u>9,580,189</u>
			<u>9,627,017</u>

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

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 profit rate risk), credit risk, liquidity risk and Shariah status reclassification risk. 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

Market risk arises when the fair value or future cash flows of financial instruments fluctuate in response to the activities of individual companies and general market or economic conditions. The market risk is managed through a combination of diversification of investment strategy and also the portfolio asset allocation.

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.

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

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
2022	+10	727,768	727,768
	-10	(727,768)	(727,768)
2021	+10	858,278	858,278
	-10	(858,278)	(858,278)

(ii) Profit 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 profit rates, with all other variables held constant. The sensitivity is in the effect of the assumed changes in profit 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
2022	+25	14
	-25	(14)
2021	+25	66
	-25	(66)

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

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

18. FINANCIAL RISK AND MANAGEMENT POLICIES (CONTD.)

(b) Market Risk (Contd.)

(ii) Profit rate risk sensitivity (Contd.)

The above profit rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is an Islamic unit trust 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.

(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 analyses the Fund's Islamic deposits with financial institutions and other receivables by rating category:

Credit rating	2022 RM	2021 RM
AAA	773,930	290,013
A2	-	714,632
A1	566,514	-
Unrated	18,697	34,063
	<u>1,359,141</u>	<u>1,038,708</u>

AMANAHRAYA ISLAMIC EQUITY FUND**NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022****18. FINANCIAL RISK AND MANAGEMENT POLICIES (CONTD.)****(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
2022			
Financial liabilities:			
Amount due to the Manager	10,291	-	10,291
Amount due to the Trustee	11,507	-	11,507
Amount due to Brokers/other financial liabilities	-	30,600	30,600
	<u>21,798</u>	<u>30,600</u>	<u>52,398</u>

	Less than 1 month RM	1 month - 3 months RM	Total RM
2021			
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>

(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.

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

18. FINANCIAL RISK AND MANAGEMENT POLICIES (CONTD.)

(f) Shariah Status Reclassification Risk

The risk refers to the risk that the currently held Shariah-compliant equity securities in the portfolio of the Fund 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 as advised by the Shariah Adviser;
- (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 as advised 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.

AMANAHRAYA ISLAMIC EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2022

18. FINANCIAL RISK AND MANAGEMENT POLICIES (CONTD.)

(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.

(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.

Corporate Information

Fund: AmanahRaya Islamic Equity Fund ('ARIEF')

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

Corporate Information

(continued)

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