



ICD Global Sustainable Fund

Semi-Annual Report

31 December 2022
(Unaudited)

A Qualified Sustainable & Responsible Investment Fund

Fund Manager

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1. FUND MANAGER'S REPORT

FUND NAME

ICD Global Sustainable Fund ("the Fund")

TYPE OF FUND

Growth & Income

CATEGORY OF FUND

Shariah-compliant Equity

INVESTMENT OBJECTIVE

To achieve long-term capital appreciation and income by investing in global markets.

DISTRIBUTION POLICY

Subject to availability of income, distributions will be made on semi-annual basis.

All income distribution will be automatically reinvested in additional Units at the date of distribution, unless the Unit Holder specifically requests, in the application or in writing, for distributions to be made in cash via bank transfer. The Units will be reinvested based on the NAV per Unit on the first Business Day following the day the distribution is declared.

Any unclaimed distribution cheques will be automatically reinvested in additional Units at the expiry of the six-month validity period for cheques, based on the prevailing Net Asset Value (NAV) seven (7) Business Days after the validity period of the cheques.

FOREIGN EXCHANGE RATE

All foreign securities and assets are converted into US Dollar ("US\$") based on the bid exchange rate quoted by Bloomberg at United Kingdom time 4.00 p.m. the same day.

PERFORMANCE BENCHMARK

MSCI ACWI Islamic Index (US\$) ("the Benchmark")

The benchmark is used as a yardstick to assess the performance of the Fund only. The risk profile of the Fund is different from the risk profile of the benchmark.

FUND PERFORMANCE

For the six-month period ended December 31, 2022, ICD Global Sustainable Fund climbed 2.50% while the MSCI All Country World Islamic Index grew 4.63%. Since its inception on June 23, 2017, the Fund reported a total return of 23.03% and the Index returned 42.51%. For the full year of 2022, the Fund fell -21.69% compared to -12.74% for the Index.

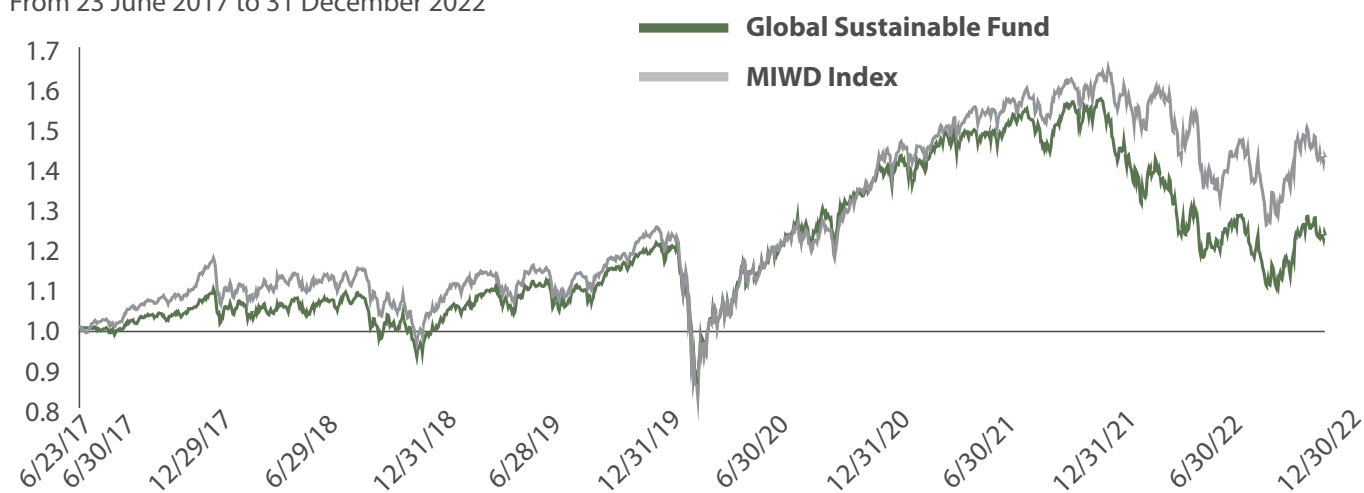
The Consumer Discretionary and Information Technology sectors contributed to the ICD Global Sustainable Fund's relative outperformance in the first half of fiscal 2023. Materials, Communication Services, and Industrials detracted from Fund performance. We do not have Financial or Energy holdings in the Fund, primarily due to its environmental, social, and governance (ESG) nature. Compared to the benchmark, the Fund is overweight Consumer Discretionary by 7.47% and Information Technology by 6.08% and is underweight Energy by 18.66% and Materials by 6.82%.

Among the stock holdings, TJX Companies, Genuine Parts, and Novo Nordisk contributed to returns while Alphabet Inc, Qualcomm, and Duke Realty Corp detracted from returns. We exited Stanley Black & Decker, Hikma Pharmaceutical, and PepsiCo in the first half of the fiscal year, and as a result, only Worldline and Akzo Nobel remain qualified compliant.

The graph below compares the performance of the Fund against its benchmark return since inception.

Performance of the Fund

From 23 June 2017 to 31 December 2022



Source: Bloomberg

Benchmark: MSCI ACWI Islamic Index. (US\$)

FINANCIAL PERFORMANCE

	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
Net Asset Value (USD)	48,356,225	61,867,391	53,412,552
Units in Circulation (units)	42,693,028	41,855,054	40,672,352
Net Asset Value / unit (USD)	1.1326	1.4781	1.3132
Highest NAV (USD)	1.1796	1.4781	1.3132
Lowest NAV (USD)	1.0124	1.3533	1.0873
Total Return			
Capital growth	2.50%	6.30%	20.67%
Income distribution	-	-	-
Final Distribution			
Gross Distribution/unit	-	-	-
Net Distribution/unit	-	-	-
Date of Distribution	-	-	-
Portfolio Composition			
Quoted Equity Securities	87.57%	95.52%	96.06%
Other Liquid Assets	12.43%	4.48%	3.94%
Total Expense Ratio	0.59%	0.89%	2.16%
Total Expense Ratio (excluding Performance Fee)	0.29%	0.29%	0.29%
Portfolio Turnover Ratio	0.09 times	0.04 times	0.02 times
Official Launching Date	23 June 2017	23 June 2017	23 June 2017

Total Expense Ratio

The total expense ratio for the financial period is 0.59%

Total Expense Ratio is derived from the following calculation:

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

A = Administration Fee

B = Distribution Fee

C = Trustee Fee

D = Performance Fee

E = Audit Fee

F = Tax Agent's Fee

G = Other Expenses

H = Average NAV of the Fund, calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is USD 47,450,632.96.

During the current financial period, the decrease in TER is due to lower performance fee incurred.

Portfolio Turnover Ratio

The portfolio turnover ratio for the financial period is 0.09 times.

During the current financial period, the increase in PTR is due to higher trading activities.

The portfolio turnover ratio is derived from the following calculation:

$$\frac{\left(\begin{array}{c} \text{Total acquisition for the financial period} \\ + \\ \text{Total disposal for the financial period} \end{array} \right) \div 2}{\text{Average NAV of the Fund for the financial period calculated on a daily basis}}$$

Where:

total acquisition for the financial period = USD 4,454,185.78

total disposal for the financial period = USD 4,178,776.03

TOTAL RETURN (in %)

Total Return is based on NAV to NAV with distribution reinvested. Below is total return of the Fund as at 31 December 2022 since inception.

	(1 July 2022 – 31 December 2022)	(1 July 2021 – 31 December 2021)	(1 July 2020 – 31 December 2020)	Since Inception (23 June 2017 – 31 December 2022)
The Fund	2.50%	6.30%	20.67%	23.03%
MIWD Index	4.63%	6.61%	21.53%	42.51%

Note:

Total Return of the Fund is derived by this formula:

$$\left(\left[\frac{\text{End of Period FY Current Year NAV per unit}}{\text{End of Period FY Previous Year NAV per unit}} \right] - 1 \right) \times 100$$

AVERAGE TOTAL RETURN (in %)

Average Total Return is derived by the formula:

$$\frac{\text{Total Return}}{\text{Number of Years Under Review}}$$

Average Total Return for the Following Year(s) Ended 31 December 2022:

	1 Year (31 December 21 – 31 December 22)	3 Years (31 December 19 – 31 December 22)	5 Years (31 December 17 – 31 December 22)
The Fund	-21.69%	1.13%	3.40%
MIWD Index	-12.74%	5.34%	5.84%

Unit prices and return may fluctuate, past performance is not necessarily indicative of future performance.

STOCK MARKET REVIEW

Interest rate concerns were at the forefront of investors' minds when fiscal 2023 began. Early on, markets rallied on stronger than expected corporate earnings and what were perceived to be less hawkish monetary policy comments by Federal Reserve Chair Jerome Powell. US gross domestic product (GDP) growth softened in the second quarter of 2022. However, any optimism subsequently dissipated as the Fed continued to hike interest rates and warned of a prolonged period of tight monetary conditions to combat inflation. The S&P 500 finished the quarter ended September 30, 2022, down -4.88%, while the MSCI All Country World Index fell -6.71% and the MSCI Emerging Markets Index fell -11.57%.

The fourth quarter of 2022 saw markets rebounding, though with significant volatility. Investors continued to fret over how high interest rates could go and the severity of a potential global recession. But with the overall economic outlook darkening, markets rallied as investors hoped for a premature ending to monetary tightening. The S&P 500 and MSCI All Country World finished the quarter up 7.56% and 9.88%, respectively, while MSCI Emerging Markets rose 9.70%. For the six months ended December 31, 2022, the S&P 500 returned 2.31%, MSCI All Country World returned 2.51% and MSCI Emerging Markets returned -2.99%. For calendar 2022, the S&P 500 was down -18.11%, MSCI All Country World fell -17.96%, and MSCI Emerging Markets declined -20.09%.

MARKET OUTLOOK AND INVESTMENT STRATEGY

Global equity valuations seem to have stabilized in the second half of 2022. As of writing, S&P 500 and MSCI All Country World valuations remain reasonably attractive at 17.5x price/earnings (against a five-year median of 18.4x) and 14.7x price/earnings (against a five-year median of 16.3x), respectively. That said, sentiment and stock prices are likely to remain volatile with a downward bias as global economies begin to contract and corporate earnings begin to soften. Europe is likely in a recession already and the US could land in one, though it remains to be seen whether that would be a hard or soft landing. Our bias is toward a soft landing, as we believe the Fed and other central banks may signal an easing of monetary policies if economic conditions get considerably worse.

Inflation would likely moderate but stay at elevated levels in 2023. For instance, housing and energy prices are coming off in the US and are a key component of the Consumer Price Index (CPI). Core CPI, excluding energy and food, remains high, and wage growth is more persistent. Interest rate paths would depend on inflationary paths, with the Fed signaling for more increases to come in 2023. The Ukraine-Russia conflict remains a significant wild card. More positive is the recent reopening of China's economy and borders, which is expected to boost global economic growth in the mid- to long-term, albeit with some short-term hiccups as COVID cases in China spike.

In this type of environment, companies that could do well are those with secular growth drivers and the ability to navigate higher inflation, interest rates, and potentially recessionary conditions. Stock selection will become even more important for the success of any equity portfolio. This fits well with Saturna's bottom-up investing approach, which is focused on finding companies with solid fundamentals, strong competitive positions, positive free cash flows, sound growth prospects, and reasonable valuations. Our firm has a sustainability and Shariah focus, which prioritizes companies with low debt and a penchant for doing right for their stakeholders. These characteristics should enhance portfolio resilience under most market conditions.

SUSTAINABLE AND RESPONSIBLE INVESTMENT FUNDS ('SRI')

In our opinion, the Fund, for the financial period under review, has complied with the requirements of the Guidelines on Sustainable and Responsible Investment Funds.

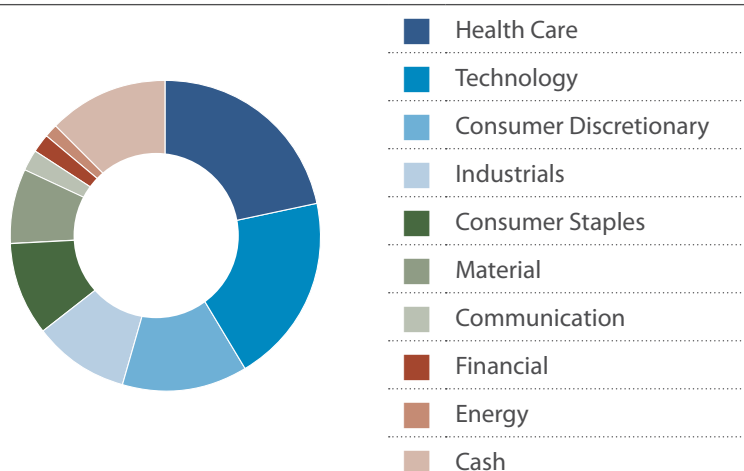
We consider issuers with sustainable characteristics to be those issuers that are generally larger, more established, consistently profitable, financially strong and with low exposure to risks in the areas of ESG.

ASSET ALLOCATION OF THE FUND

By Country	31 December 2022	31 December 2021	31 December 2020
	% of NAV	% of NAV	% of NAV
Cash & Other Liquid Assets	12.43	4.48	3.94
Canada	2.86	1.06	0.74
Denmark	5.28	4.18	2.40
France	7.52	7.84	6.56
Germany	6.34	6.26	6.43
Hong Kong	-	5.50	6.58
Indonesia	1.02	0.97	0.91
Japan	4.68	3.54	5.26
Netherland	1.24	2.71	3.52
Singapore	-	-	-
Spain	2.04	1.93	5.96
Sweden	1.79	1.99	1.86
Switzerland	3.24	3.46	3.66
United Kingdom	5.01	3.24	4.32
United States of America	46.55	52.84	47.86
	100.00	100.00	100.00

By Sector	31 December 2022	31 December 2021	31 December 2020
	% of NAV	% of NAV	% of NAV
Cash & Other Liquid Assets	12.43	4.48	3.94
Communication	2.48	2.84	2.82
Consumer Discretionary	13.14	17.91	15.95
Consumer Staples	9.63	10.97	11.94
Energy	1.20	0.99	3.75
Financial	1.94	1.86	1.31
Health Care	21.74	18.87	19.12
Industrials	10.13	10.82	9.10
Material	7.61	5.34	7.36
Technology	19.70	25.92	24.71
Others	-	-	-
	100.00	100.00	100.00

Sector Allocation as at 31 December 2022



ASSET ALLOCATION OF THE FUND (continued)

Fund performance from 31 December 2021 to 31 December 2022

	31 December 22 USD	31 December 21 USD	% Change
Total NAV (Inclusive of Injection)	48,356,225	61,867,391	-21.84
NAV/unit	1.1326	1.4781	-23.37

NAV per unit at the end of 31 December 2022 fell by 23.37% compared with 31 December 2021 as global markets reacted negatively to rising global inflation and interest rates as well as the possibility of a global recession.

Top Five Investments as at 31 December 2022

Stock	Weight
TJX Companies	3.42%
Johnson & Johnson	3.29%
L'Oreal	3.25%
Novo Nordisk	3.21%
Genuine Parts	3.09%

DETAILS OF DISTRIBUTION AND UNIT SPLIT

For the period under review, no distribution and unit split was made by the Fund.

CROSS TRADE TRANSACTIONS

Cross trade transactions occur when there are inter-fund transactions whereby an investment in one fund is bought by or sold to another fund simultaneously as both funds are managed by the same fund manager. There are no cross trade transactions undertaken for the Fund as this practice is disallowed by the Fund Manager.

SECURITIES FINANCING TRANSACTIONS

The Fund has not undertaken any securities lending or repurchase transactions since the securities financing transactions are not permitted.

DISCLOSURE OF CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF THE UNITHOLDER

For the period under review, there were no circumstances that materially affect any interest of the unitholder.

POLICY ON STOCKBROKING, REBATES, AND SOFT COMMISSION

The Fund Manager does not retain any rebate from, or otherwise share in any commission with, any broker/dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebate or shared commission will be directed to the account of the Fund. The Fund Manager may direct portfolio trades to Saturna Brokerage Services, Inc., an affiliated brokerage firm.

2. TRUSTEE'S REPORT

TO THE UNITHOLDERS OF ICD Global Sustainable Fund

We have acted as Trustee for **ICD Global Sustainable Fund** ("the Fund") for the financial period ended 31 December 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **Saturna Sdn. Bhd.** ("the Manager") has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

- a) Limitations imposed on the investment powers of the management company under the deed(s), securities laws and the Guidelines on Unit Trust Funds;
- b) Valuation and pricing is carried out in accordance with the deed(s); and
- c) Any creation and cancellation of units are carried out in accordance with the deed(s) and any regulatory requirement.

We are of the opinion that the distribution of income by the Fund is appropriate and reflect the investment objective of the Fund.

For **SCBMB Trustee Berhad**
(Company No: 201201021301)

Lor Yuen Ching
Trustee Services Manager

Lee Kam Weng
Trustee Services Manager

Kuala Lumpur, Malaysia
23 February 2023

3. STATEMENT BY THE FUND MANAGER

We, Monem Salam and Dato' Dr. Lee Chee Kuon, being two of the directors of Saturna Sdn. Bhd., do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Securities Commission's Guidelines on Unit Trust Funds in Malaysia so as to give a true and fair view of the financial position of ICD Global Sustainable Fund at 31 December 2022 and of its financial performance and cash flows for the financial period then ended on that date and comply with the requirements of the Deed.

For and on behalf of the Manager



Monem A. Salam
Director, Saturna Sdn Bhd



Dato' Dr. Lee Chee Kuon
Director, Saturna Sdn Bhd

23 February 2023

4. SHARIAH ADVISER'S REPORT

To the Unit Holders of ICD Global Sustainable Fund ("Fund")

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Saturna Sdn Bhd has operated and managed the Fund during the period covered by these financial statements in accordance with the 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 of instruments that have been classified as Shariah compliant except for Akzo Nobel N.V. and Worldline SA which have been reclassified as Shariah non-compliant by the Shariah Adviser. These reclassified Shariah non-compliant instrument(s) shall be disposed in accordance with the Fund's Shariah investment guidelines as provided in the Fund's deed and disclosed in the Fund's prospectus.
3. We also confirm that the investment portfolio of the Fund comprises securities which have been classified as Shariah compliant by the Shariah Advisory Council of the SC ("SACSC"). For securities not certified by the SACSC, we have reviewed the said securities and opine that these securities are designated as Shariah compliant.

Thank you.

For **AMANIE ADVISORS SDN BHD**

TAN SRI DR MOHD DAUD BAKAR

Executive Chairman

Kuala Lumpur

23 February 2023

5. UNAUDITED STATEMENT OF FINANCIAL POSITION

Opinion

In the opinion of the Fund Manager, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards and the requirements of the Securities Commission's Guidelines on Unit Trust Funds so as to give a true and fair view of the financial position of the Fund as at 31 December 2022 and of its financial performance, the changes in net asset value, and the cash flows of the Fund for the period ended.

		As at 31 December 2022	As at 30 June 2022
	Note	USD	USD
Investments			
Quoted Equity Securities	4	42,346,981	40,611,711
Short-term Shariah-based deposits	5	649,341	644,749
		42,996,322	41,256,460
Other Assets			
Amount due from stockbrokers		-	-
Amount due from management company		-	-
Amount due from Distributors		-	-
Cash at bank		5,606,022	5,904,328
Other receivable		22,757	39,207
		5,628,779	5,943,535
Total Assets		48,625,101	47,199,995
Liabilities			
Amount due to manager		184,343	41,681
Amount due to Unitholders Capital		-	-
Amount due to trustee		2,014	2,053
Other payables and accruals		82,519	3,866
		268,876	47,600
Net asset value attributable to unit holders	6	48,356,225	47,152,395
Total equity and liabilities		48,625,101	47,199,995
Number of units in circulation	6	42,693,028	42,670,685
Net asset value per unit		1.1326	1.1050

6. UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

For the financial period ended 31 December 2022

	Note	1 July 2022 to 31 December 2022 USD	1 July 2021 to 31 December 2021 USD
Income			
Profit from short-term Shariah-based deposits		4,637	99
Gross Dividends Income		335,541	312,442
Gross Dividend income from non-permissible securities		1,596	-
Net loss on foreign exchange		(31,408)	(21,753)
Net gain/(loss) on financial assets at fair value through profit or loss	4	1,566,379	4,131,848
Net (loss)/gain from non-permissible securities	4	(106,122)	(21,378)
		1,770,623	4,401,258
Less: Expenses			
Administration fee	7	59,101	74,661
Distribution fee	7	59,101	74,661
Performance fee	7	145,259	358,090
Trustee's fee	8	11,820	14,932
Auditors' fee		1,479	1,581
Tax agent's fee		456	486
Other expenses		4,490	6,890
		281,706	531,301
Net profit/(loss) before taxation & purification			
		1,488,917	3,869,957
Purification		(142,518)	(103,944)
Net profit/(loss) before taxation & after purification		1,346,399	3,766,013
Taxation		(167,155)	(101,329)
Net profit/(loss) after taxation & purification		1,179,244	3,664,684
Net profit after taxation is made up as follows:			
Realised (loss)/income		(666,278)	(994,050)
Unrealised income /(loss), net		1,845,522	4,658,734

7. UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE

For the financial period ended 31 December 2022

	Unitholders' Capital USD	Retained Earnings USD	Total Net Asset Value USD
Net asset value as at 1 July 2021	42,350,898	15,630,092	57,980,990
Movement due to creation / (cancellation) of units during the period:			
Creation of units from applications	327,843	-	327,843
Cancellation of units	(106,126)	-	(106,126)
Total comprehensive Income for the financial period	-	3,664,684	3,664,684
Net asset value as at 31 December 2021	42,572,615	19,294,776	61,867,391
	Unitholders' Capital USD	Retained Earnings USD	Total Net Asset Value USD
Net asset value as at 1 July 2022	43,494,763	3,657,632	47,152,395
Movement due to creation / (cancellation) of units during the period:			
Creation of units from applications	98,170	-	98,170
Cancellation of units	(73,584)	-	(73,584)
Total comprehensive Income for the financial period	-	1,179,244	1,179,244
Net asset value as at 31 December 2022	43,519,349	4,836,876	48,356,225

8. UNAUDITED STATEMENT OF CASH FLOWS

For the financial period ended 31 December 2022

	1 July 2022 to 31 December 2022 USD	1 July 2021 to 31 December 2021 USD
Cash flows from/(for) operating and Investing activities		
Proceeds from sale of quoted investments	4,168,872	1,786,430
Purchase of quoted investments	(4,473,319)	(3,086,028)
Dividend received	270,044	267,327
Profit received from short-term Shariah-based deposits	4,592	99
Administration fee paid	(59,298)	(74,117)
Audit fee paid	(3,327)	(3,707)
Performance fee paid	-	(1,327,078)
Purification paid	(127,439)	(103,944)
Distribution fee paid	(61,501)	(73,196)
Trustee's fee paid	(11,860)	(14,823)
Tax Agent fee paid	-	-
Payment for other fees and expenses	(4,004)	(4,347)
Income Tax Paid	(5,982)	-
Net cash (for)/from operating and investing activities	(303,222)	(2,634,576)
Cash flows from financing activities		
Proceeds from issuance of units	83,092	327,843
Payments for cancellation of units	(73,584)	(106,126)
Net cash from financing activities	9,508	221,717
Net (decrease)/increase in cash and cash equivalents	(293,714)	(2,412,859)
Cash and cash equivalents at beginning of the period	6,549,077	5,575,996
Cash and cash equivalents at end of the financial period	6,255,363	3,163,137
Cash and cash equivalents comprise:		
Cash at bank	5,606,022	2,518,647
Short-term Shariah-based deposits	649,341	644,490
	6,255,363	3,163,137

9. NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

ICD Global Sustainable Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Trust Deed dated 7 March 2017 (hereinafter referred to as “the Deed”) between the Manager, Saturna Sdn. Bhd. and the Trustee, SCBMB Trustee Berhad.

The principal activity of the Fund is to invest in a diversified portfolio of Shariah-compliant equities across global markets. The objective of the Fund is to provide long-term capital growth and current income. The Fund’s investments comply with Shariah requirements as prescribed by its Shariah Advisor. The Fund was launched on 23 June 2017 and will continue its operations until terminated by the Trustee as provided under Part 12 of the Trust Deed.

The Manager, Saturna Sdn. Bhd. is principally engaged in funds management activity. The Manager is incorporated in Malaysia.

2. BASIS OF PREPARATION

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

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

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

Amendments to MFRS 3: Reference to the Conceptual Framework

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

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

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

Annual Improvements to MFRS Standards 2018 – 2020

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

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9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. BASIS OF PREPARATION *(continued)*

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

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

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

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9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 FINANCIAL INSTRUMENTS

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

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

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

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

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

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

(a) Financial Assets

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

Debt Instruments

(i) Amortised Cost

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

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

(ii) Fair Value through Other Comprehensive Income

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

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

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

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

Continued on next page.

9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.1 FINANCIAL INSTRUMENTS *(continued)*

(a) Financial Assets *(continued)*

Equity Instruments

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

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

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

(b) Financial Liabilities

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

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

(ii) Other Financial Liabilities

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

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

(c) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

Continued on next page.

9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 IMPAIRMENT

(a) Impairment of Financial Assets

The Fund recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

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

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

The Fund recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3.3 CLASSIFICATION OF REALISED AND UNREALISED GAINS AND LOSSES

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

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

3.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates which is the functional currency. The financial statements are presented in United States Dollar ("USD"), which is also the Fund's functional currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

3.5 UNITHOLDERS' CONTRIBUTION

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

3.6 DIVIDEND DISTRIBUTION

Dividend distributions are at the discretion of the Fund. A dividend to the Fund's Unitholders is accounted for as a deduction from realised reserves except where dividend is sourced out of distribution equalisation which is recognised as a liability in the period in which it is approved.

3.7 CASH AND CASH EQUIVALENTS

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

Continued on next page.

9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.8 INCOME

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.

Dividend income is recognised when the Fund's right to receive payment is established.

Profit income from deposits is recognised on an accrual basis using the effective profit method.

3.9 INCOME TAX

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax related to items recognised outside profit or loss, (either in other comprehensive income or directly in equity).

No deferred tax is recognised as there are no material temporary differences.

3.10 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

No major judgements have been made by the Manager of the Fund in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next year.

3.11 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting used by the Manager of the Fund. The Manager of the Fund is responsible for allocating resources and assessing performance of the operating segments.

3.12 FAIR VALUE MEASUREMENTS

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

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

Continued on next page.

9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4. INVESTMENTS

	2022 USD	2021 USD
Quoted Equity Securities	42,346,981	59,096,071

All of the investments of the Fund are classified as financial assets at FVTPL.

	2022 USD	2021 USD
Net (loss)/gain on financial assets at FVTPL comprised: -		
Realised (loss)/gain on disposals	(385,264)	(548,264)
Unrealised changes in fair value	1,845,522	4,658,734
	1,460,258	4,110,470

Quoted Equity Securities as at 31 December 2022 are as detailed below:

2022	Quantity (Units)	Cost USD	Market Value USD	% of NAV
Canada				
Industrial				
Canadian Pacific Railways Ltd	2,884	77,076	215,118	0.45
Materials				
Barrick Gold Corp.	30,000	597,536	514,748	1.07
Technology				
CGI Group Inc	7,500	610,761	645,975	1.34
Denmark				
Energy				
Vestas Wind System	20,000	805,823	582,345	1.20
Health Care				
Novo Nordisk A/S - B	11,500	680,765	1,554,121	3.21
Material				
Novozymes A/S - B	8,300	429,008	420,806	0.87
France				
Consumer Discretionary				
Kering	1,000	877,169	509,537	1.05
Consumer Staples				
L'Oreal	4,400	935,898	1,572,910	3.25
Health Care				
Essilor International SA	5,600	738,578	1,015,345	2.10
Industrial				
Schneider Electric	3,500	322,030	490,270	1.01

Continued on next page.

9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4. INVESTMENTS *(continued)*

2022	Quantity (Units)	Cost USD	Market Value USD	% of NAV
Technology				
Worldline SA *	1,400	120,816	54,803	0.11
Germany				
Consumer Discretionary				
Adidas AG	3,800	692,471	519,019	1.07
Health Care				
Siemens Healthineers AG	9,000	479,307	450,675	0.93
Technology				
Infineon Technologies AG	35,000	784,626	1,066,277	2.21
Nemetschek	2,000	263,168	102,207	0.21
SAP SE	9,000	942,900	929,608	1.92
		1,990,694	2,098,092	4.34
Indonesia				
Communication				
Telekomunikasi Indonesia ADS	20,600	714,578	491,310	1.02
Japan				
Consumer Staples				
Unicharm Corporation	12,500	430,314	483,330	1.00
Health Care				
Astellas Pharma	59,100	724,620	904,739	1.87
Material				
Kansai Paint Co., Ltd	31,600	745,829	390,329	0.81
Technology				
Nintendo	11,500	466,066	485,374	1.00
Netherlands				
Material				
Akzo Nobel NV *	3,644	334,411	244,287	0.51
Technology				
STMicroelectronics NV	10,000	227,248	353,568	0.73
Spain				
Consumer Discretionary				
Industria de Diseno Textil SA	37,000	1,350,281	985,266	2.04
Sweden				
Industrials				
Assa Abloy AB	40,300	834,370	866,829	1.79

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9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4. INVESTMENTS *(continued)*

2022	Quantity (Units)	Cost USD	Market Value USD	% of NAV
Switzerland				
Consumer Staples				
Nestle SA	6,000	511,757	698,435	1.44
Health Care				
Novartis AG	9,600	709,750	871,864	1.80
United Kingdom				
Consumer Staples				
Reckitt Benckiser Group PLC	3,500	287,797	244,080	0.50
Health Care				
AstraZeneca PLC	7,000	977,280	951,715	1.97
Materials				
Rio Tinto plc	11,600	744,472	815,135	1.69
Technology				
AVEVA Group PLC	10,500	501,534	408,878	0.85
United States of America				
Communication				
Alphabet, Class A	8000	803,342	705,840	1.46
Consumer Discretionary				
Genuine Parts	8,600	723,416	1,492,186	3.09
Lowe's	2,500	271,199	498,100	1.03
Ross Stores	6,000	569,242	696,420	1.44
TJX Companies	20,800	733,026	1,655,680	3.42
		2,296,883	4,342,386	8.98
Consumer Staples				
Church & Dwight	9,000	462,273	725,490	1.50
Procter & Gamble	6,200	542,616	939,672	1.94
		1,004,889	1,665,162	3.44
Financial				
Prologis Inc	8,312	541,107	937,012	1.94
Health Care				
Edwards Lifesciences	8,300	319,219	619,263	1.28
Eli Lilly	1,400	513,544	512,176	1.06
Johnson & Johnson	9,000	1,183,597	1,589,850	3.29
Pfizer	24,000	771,706	1,229,760	2.54
Stryker	3,350	870,460	819,042	1.69
		3,658,526	4,770,091	9.86

Continued on next page.

9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4. INVESTMENTS *(continued)*

2022	Quantity (Units)	Cost USD	Market Value USD	% of NAV
United States <i>(continued)</i>				
Industrials				
Johnson Control international	9,000	448,680	576,000	1.19
TE Connectivity	8,500	808,391	975,800	2.02
Trimble	10,500	389,552	530,880	1.10
Union Pacific	6,000	1,206,010	1,242,420	2.57
		2,852,633	3,325,100	6.88
Material				
Corteva	6,900	292,161	405,582	0.84
PPG Industries	7,000	788,426	880,180	1.82
		1,080,587	1,285,762	2.66
Technology				
Adobe Inc	1,000	266,722	336,530	0.70
Cisco Systems	20,000	900,080	952,800	1.97
Intel Corporation	30,000	1,389,648	792,900	1.64
Juniper Networks	15,000	360,161	479,400	0.99
Microsoft	6,000	868,906	1,438,920	2.98
Qualcomm	8,000	472,768	879,520	1.82
Salesforce.com	4,500	640,399	596,655	1.23
		4,898,684	5,476,725	11.33
Total Quoted Equity Securities		36,054,890	42,346,981	87.57

* These securities are Qualified Compliant¹ as of 31 December 2022.

¹ "Qualified Compliant" Shariah status refers to stocks which are reclassified as Shariah non-compliant (due to changes in financial position) and are out-of-the-money. The Fund Manager is allowed to hold the security on a temporary basis until breakeven.

Continued on next page.

9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4. INVESTMENTS *(continued)*

Quoted Equity Securities as at 31 December 2021 are as detailed below:

2021	Quantity (Units)	Cost USD	Market Value USD	% of NAV
Canada				
Industrial				
Canadian Pacific Railways Ltd	2,884	77,076	207,979	0.34
Technology				
CGI Group Inc	5,000	408,084	442,500	0.72
Denmark				
Energy				
Vestas Wind System	20,000	805,823	612,839	0.99
Health Care				
Novo Nordisk A/S - B	11,500	680,765	1,295,005	2.09
Material				
Novozymes A/S - B	8,300	429,008	683,126	1.10
France				
Consumer Discretionary				
Kering	1,000	877,169	804,392	1.30
Consumer Staples				
L'Oreal	4,400	935,898	2,087,597	3.37
Health Care				
Essilor International SA	5,600	738,578	1,193,154	1.93
Industrial				
Schneider Electric	3,500	322,030	686,857	1.11
Technology				
Worldline SA	1,400	120,816	78,077	0.13
Germany				
Consumer Discretionary				
Adidas AG	2,500	536,163	720,300	1.16
Technology				
Infineon Technologies AG	35,000	784,626	1,623,350	2.62
Nemetschek	2,000	263,168	256,714	0.41
SAP SE	9,000	942,900	1,279,131	2.07
		1,990,694	3,159,195	5.10

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9. NOTES TO THE FINANCIAL STATEMENTS (continued)

4. INVESTMENTS (continued)

2021	Quantity (Units)	Cost USD	Market Value USD	% of NAV
Hong Kong				
Consumer Discretionary				
MTR Corp Ltd	74,400	427,273	399,415	0.65
Techtronic Co. Ltd	150,800	762,480	3,002,266	4.85
		1,189,753	3,401,681	5.50
Indonesia				
Communication				
Telekomunikasi Indonesia ADS	20,600	714,578	597,194	0.97
Japan				
Consumer Staples				
Unicharm Corporation	12,500	430,314	543,464	0.88
Health Care				
Astellas Pharma	59,100	724,620	961,441	1.55
Material				
Kansai Paint Co., Ltd	31,600	745,829	687,076	1.11
Netherland				
Health Care				
Koninklijke Philips NV	20,916	752,435	779,828	1.26
Material				
Akzo Nobel NV	3,644	334,411	400,143	0.65
Technology				
STMicroelectronics NV	10,000	227,248	493,514	0.80
Spain				
Consumer Discretionary				
Industria de Diseno Textil SA	37,000	1,350,281	1,201,195	1.93
Sweden				
Industrials				
Assa Abloy AB	40,300	834,370	1,232,776	1.99
Switzerland				
Consumer Staples				
Nestle SA	6,000	511,757	840,356	1.36
Health Care				
Alcon Inc	5,120	260,631	454,323	0.73
Novartis AG	9,600	709,750	847,003	1.37
		970,381	1,301,326	2.10

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9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4. INVESTMENTS *(continued)*

2021	Quantity (Units)	Cost USD	Market Value USD	% of NAV
United Kingdom				
Consumer Staples				
Reckitt Benckiser Group PLC	3,500	287,797	300,610	0.49
Health Care				
Hikma Pharmaceuticals	40,500	745,313	1,217,084	1.97
Technology				
AVEVA Group PLC	10,500	501,534	484,047	0.78
United States				
Communication				
Alphabet, Class A	400	803,342	1,158,816	1.87
Consumer Discretionary				
Genuine Parts	8,600	723,416	1,205,720	1.95
Lowe's	2,500	271,199	646,200	1.04
Ross Stores	6,000	569,242	685,680	1.11
Stanley Black & Decker	4,500	719,271	848,790	1.37
TJX Companies	20,800	733,026	1,579,136	2.55
		3,016,154	4,965,526	8.02
Consumer Staples				
Church & Dwight	9,000	462,273	922,500	1.49
EsteeLauder, Class A	1,500	258,285	555,300	0.90
Pepsi Co	3,000	333,728	521,130	0.84
Procter & Gamble	6,200	542,616	1,014,196	1.64
		1,596,902	3,013,126	4.87
Financial				
Duke Realty	17,500	541,107	1,148,700	1.86
Health Care				
Edwards Lifesciences	8,300	319,219	1,075,265	1.74
Johnson & Johnson	9,000	1,183,597	1,539,630	2.49
Pfizer	24,000	771,706	1,417,200	2.29
Stryker	3,350	870,460	895,857	1.45
		3,144,982	4,927,952	7.97

Continued on next page.

9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4. INVESTMENTS *(continued)*

2021	Quantity (Units)	Cost USD	Market Value USD	% of NAV
United States <i>(continued)</i>				
Industrials				
Johnson Control International	6,000	283,650	487,860	0.79
Norfolk Southern	6,000	1,186,416	1,786,260	2.89
TE Connectivity	8,500	808,391	1,371,390	2.22
Trimble	10,500	389,552	915,495	1.48
		2,668,009	4,561,005	7.38
Material				
Corteva	6,900	292,161	326,232	0.53
PPG Industries	7,000	788,426	1,207,080	1.95
		1,080,587	1,533,312	2.48
Technology				
Adobe	1,000	266,722	567,060	0.92
Cisco Systems	17,000	768,800	1,077,290	1.74
DocuSign	2,000	279,959	304,620	0.49
HP	29,900	550,633	1,126,333	1.82
Intel	30,000	1,389,648	1,545,000	2.50
Juniper Networks	15,000	360,161	535,650	0.87
Microsoft	6,000	868,906	2,017,920	3.26
NXP Semiconductors	7,000	759,797	1,594,460	2.58
Qualcomm	8,000	472,768	1,462,960	2.36
Salesforce.com	4,500	640,399	1,143,585	1.85
		6,357,793	11,374,878	18.39
Total Quoted Equity Securities		37,451,601	59,096,071	95.52

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9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

5. SHORT-TERM SHARIAH-BASED DEPOSITS

Short-term Shariah-based deposits bore a weighted average effective profit rate of 2.80% (2021 –0.03%) per annum at the end of the previous reporting period. The short-term Shariah-based deposits had maturity periods ranging from 32 days (2021 – 31 days).

6. NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

	2022	2021
	USD	USD
Unitholders' contribution	43,519,349	42,572,615
Retained earnings		
Realised reserve	(353,240)	(717,082)
Unrealised reserve	5,190,116	20,011,858
	<u>48,356,225</u>	<u>61,867,391</u>

Unitholders' Contribution

	2022		2021	
	Number of Units	USD	Number of Units	USD
At beginning of the financial period	42,670,685	43,494,763	41,696,702	42,350,898
Creation of units	86,535	98,170	231,055	327,843
Cancellation of units	(64,192)	(73,584)	(72,703)	(106,126)
At end of the financial period	<u>42,693,028</u>	<u>43,519,349</u>	<u>41,855,054</u>	<u>42,572,615</u>

7. MANAGER'S FEE

The Manager is entitled to receive an administrative fee of 0.25% per annum of the NAV of the Fund. The fee is accrued daily and paid monthly out of the Fund.

The Manager is also entitled to a performance fee from the daily increase in the NAV of the Fund. The performance fee is 10% of the amount by which the NAV cumulatively increases or decreases each day in the calendar year.

The Fund reimburses the Manager up to 0.25% of the average Net Assets Value per year for its marketing and distribution expenses.

8. TRUSTEE'S FEE

Trustee's fee is computed on a daily basis at 0.05% per annum of the NAV of the Fund.

9. UNITS HELD BY RELATED PARTIES

	2022		2021	
	No. Of Units	USD	No. Of Units	USD
Directors of the Manager	20,357	23,057	19,862	29,359
Holding Company of the Manager	1,097,422	1,242,995	1,070,763	1,582,732
	<u>1,117,779</u>	<u>1,266,052</u>	<u>1,090,625</u>	<u>1,612,091</u>

Continued on next page.

9. NOTES TO THE FINANCIAL STATEMENTS (continued)

10. TRANSACTIONS WITH INVESTMENT BANK AND BROKERS

Details of transactions with investment banks and brokers for the financial period from 1 July 2021 to 31 December 2022 are as follows: -

2022	Value of Trade	Percentage of	Brokerage	Percentage of Total
	USD	Total Trade	Fees	Brokerage Fees
		%	USD	%
GTN Asia Financial Services (Pte) Ltd	465,740	5.40	326	14.60
GTN Middle East Financial Services	2,898,231	33.60	1,546	69.27
Saturna Brokerage Services *	5,262,588	61.00	360	16.13
	8,626,559	100.00	2,232	100.00

2021	Value of Trade	Percentage of	Brokerage	Percentage of Total
	USD	Total Trade	Fees	Brokerage Fees
		%	USD	%
CIMB	734,716	15.28	1,837	51.03
Mubasher Financial Services	2,532,666	52.66	1,638	45.50
Saturna Brokerage Services *	1,541,836	32.06	125	3.47
	4,809,218	100.00	3,600	100.00

* A broker related to the Manager. The directors of the Manager are of the opinion that any transactions with related party (broker) has been entered into in the normal course of business and has been established under terms and conditions that are no less favourable than those obtainable in transactions with unrelated parties. These dealings with related party has been transacted at arm's length basis.

11. TOTAL EXPENSE RATIO

The total expense ratio for the financial period is 0.59%

Total Expense Ratio is derived from the following calculation:

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

A = Administration Fee

B = Distribution Fee

C = Trustee Fee

D = Performance Fee

E = Audit Fee

F = Tax Agent's Fee

G = Other Expenses

H = Average NAV of the Fund, calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is USD 47,450,632.96.

12. PORTFOLIO TURNOVER RATIO

The portfolio turnover ratio for the financial period is 0.09 times.

The portfolio turnover ratio is derived from the following calculation:

$$\left(\frac{\text{Total acquisition for the financial period} + \text{Total disposal for the financial period}}{\text{Average NAV of the Fund for the financial period calculated on a daily basis}} \right) \div 2$$

Where:

total acquisition for the financial period = USD 4,454,185.78

total disposal for the financial period = USD 4,178,776.03

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9. NOTES TO THE FINANCIAL STATEMENTS (continued)

13. FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortized cost based on their respective classification. The significant policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position at the end of the reporting period by the class of financial instruments to which they are assigned, and therefore by the measurement basis.

	Financial Asset at FVTPL USD	Financial Asset At Amortized Cost USD	Financial Liabilities at Amortized Cost USD	Total USD
2022				
Assets				
Quoted Equity Securities	42,346,981	-	-	42,346,981
Sundry receivables	-	22,757	-	22,757
Short-term Shariah-based deposits	-	649,341	-	649,341
Cash at bank	-	5,606,022	-	5,606,022
Total financial assets	42,346,981	6,278,120	-	48,625,101
Liabilities				
Other payables and accruals	-	-	2,844	2,844
Amount owing to Manager	-	-	184,343	184,343
Amount owing to Trustee	-	-	2,014	2,014
Total financial liabilities	-	-	189,201	189,201

	Financial Asset at FVTPL USD	Financial Asset At Amortized Cost USD	Financial Liabilities at Amortized Cost USD	Total USD
2021				
Assets				
Quoted Equity Securities	59,096,071	-	-	59,096,071
Sundry receivables	-	22,127	-	22,127
Short-term Shariah-based deposits	-	644,490	-	644,490
Cash at bank	-	2,518,647	-	2,518,647
Total financial assets	59,096,071	3,185,264	-	62,281,335
Liabilities				
Other payables and accruals	-	-	3,030	3,030
Amount owing to Manager	-	-	408,340	408,340
Amount owing to Trustee	-	-	2,574	2,574
Total financial liabilities	-	-	413,944	413,944

	2022 Income, expense, gains, and losses USD	2021 Income, expense, gains, and losses USD
Net gains / (losses) from financial assets at FVTPL	1,845,522	4,658,734
Profit income derived from amortised cost	4,637	99

Continued on next page.

9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

13. FINANCIAL INSTRUMENTS *(continued)*

(b) Fair Value Measurements

As of end of the financial period, the Fund held the following financial assets carried at fair value:

	Financial Instruments Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3		
2022	USD	USD	USD	USD	USD
Financial Asset					
Quoted Equity Securities	42,346,981	-	-	42,346,981	42,346,981
2021					
Financial Asset					
Quoted Equity Securities	59,096,071	-	-	59,096,071	59,096,071

The Fund's financial asset at FVTPL is carried at fair value. The fair value of this financial asset was determined using prices in active market for identical assets.

Quoted equity instruments

Fair value is determined by references to the last done price for all the investments and assets of the Fund quoted on the stock exchange on which they are listed.

14. FINANCIAL RISK MANAGEMENT POLICIES

(a) Introduction

The Fund maintains investment portfolios in a variety of listed financial instruments as dictated by its Trust Deed and investment management strategy.

The Fund is exposed to a variety of financial risks, including market risks (which include profit rate risk, equity price risk and currency risk), credit risk and liquidity risk. Whilst these are the most important types of financial risk inherent in each type of financial instruments, the Manager and the Trustee would like to highlight that this list does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

The Fund's objective in managing risk is the creation and protection of Unitholders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement, and monitoring of risks. Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Trust Deed, the Securities Commission's Guidelines on Unit Trust Funds and the Capital Market and Services Act, 2007.

Continued on next page.

9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

14. FINANCIAL RISK MANAGEMENT POLICIES *(continued)*

(b) Risk Management Structure

The 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.

The key feature in the Manager's approach is that tailoring of the level of portfolio risk taken is through Tactical Asset Allocation between liquid assets and equity. At least 70% of the Fund's NAV are to be allocated to Shariah-compliant equities in Global countries and up to 30% of the Fund's NAV are allocated to Islamic liquid assets including Islamic money market instruments and Islamic deposits with Islamic financial institutions.

To achieve its objective, the Fund invests in a diversified global portfolio of Sustainable Shariah-compliant equities. Asset allocation decisions are continuously made and reviewed based upon global economies and financial trends.

The Fund generally follows a relative value investment style, favoring companies with potential for earnings growth. The Fund Manager analyses the direction of GDP growth, interest rates, inflation, currencies, and government policies. The Fund Manager will then assess the outlook for corporate earnings and determine if there are any predictable trends. The criteria for stock selection would include improving fundamentals and growth at reasonable valuations. Stock valuation fundamentals considered are sales growth, profit margin, cash generation, earnings per share, return on equity, price earnings ratio and net tangible asset multiples.

The Fund's investments comply with Shariah requirements as prescribed by its Shariah Adviser.

The Fund generally invests for the long-term, with annual portfolio turnover not expected to exceed 30%. The Fund will not engage in short-term trading or speculative investments.

The Fund does not invest in debt instruments and investments that might be considered higher risk compared to equities, such as derivatives.

The Fund is allowed to hold cash at the discretion of the Fund Manager and/or for defensive purposes.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments equals their fair value.

(i) Profit Rate Risk

Profit rates are inclined to fluctuate over time. A rise in the general level of profit rates may affect the short-term deposits.

Cash and short-term deposits are particularly sensitive to movements in profit rates. When profit rates rise, the return on cash will rise thus affecting the NAV of the Fund.

(ii) Equity Price Risk

Equity price risk is the risk of unfavorable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in quoted equity securities.

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9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

14. FINANCIAL RISK MANAGEMENT POLICIES *(continued)*

(c) Market Risk *(continued)*

(iii) Currency Risk

The Fund is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than United States Dollar. The currencies giving rise to this risk are primarily Euro ("EUR"), Great Britain Pound ("GBP"), Swiss Franc ("CHF"), Swedish Krona ("SEK"), Japanese Yen ("JPY"), Danish Krone ("DKK"), Canada ("CAD") and Hong Kong Dollar ("HKD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

(iv) Counterparties Risk

The Fund will transact most of its investments through financial institutions including but not limited to banks, brokers, and dealers. The risk is that a financial institution may default on its obligations.

The Manager manages the Fund's credit risk by undertaking credit evaluation and close monitoring of any changes to the issuer/counterparty's credit profile to minimise such risk. It is the Fund's policy to enter into financial instruments with reputable counterparties. The Manager also closely monitors the creditworthiness of the Fund's counterparties (e.g., brokers, custodian, banks, etc.).

Credit risk exposure

At the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognized in the statement of financial position.

Assessment of impairment losses

The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. The Fund measures credit risk and expected credit losses ("ECL") using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward-looking information in determining any ECL. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowances has been recognised based on the 12-month ECL as any such impairment would be wholly insignificant to the Fund.

(v) Liquidity Risk

Investments that are relatively less liquid in nature can cause their value and hence the value of the Fund to drop. The Fund may not be able to realize illiquid investments at the desired prices. The risk managed by careful stock or asset selection and portfolio diversification.

It is the Fund's policy that the Manager monitors the Fund's liquidity position on a regular basis. The Fund also manages its obligation to redeem units required to do so and its overall liquidity risk by requiring a maximum of 5 business days notice period before redemptions.

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unitholders. Liquid assets comprise cash, deposits with financial institutions and other instruments which are capable of being converted into cash within 3 months.

The following table sets out the maturity profile of the Fund's issue (classified as equity instruments) and financial liabilities. Balances due within six months equal their carrying amounts, as the impact of discounting is insignificant. The table also analyses the maturity profile of the Fund's financial assets (undiscounted where appropriate) and equity in order to provide a complete view of the Fund's contractual commitments and liquidity.

Continued on next page.

9. NOTES TO THE FINANCIAL STATEMENTS *(continued)*

14. FINANCIAL RISK MANAGEMENT POLICIES *(continued)*

(c) Market Risk *(continued)*

(v) Liquidity Risk *(continued)*

2022	Less than 3 months USD	3 months – 1 year USD	Total USD
Financial assets:-			
Quoted Equity Securities	42,346,981	-	42,346,981
Short-term Shariah-based deposits	649,341	-	649,341
Cash at bank	5,606,022	-	5,606,022
Other assets	22,757	-	22,757
Total financial assets	48,625,101	-	48,625,101
Financial liability: -			
Other liabilities	189,201	-	189,201
Total net financial assets	48,435,900	-	48,435,900
2021	Less than 3 months USD	3 months – 1 year USD	Total USD
Financial assets:-			
Quoted Equity Securities	59,096,071	-	59,096,071
Short-term Shariah-based deposits	644,490	-	644,490
Cash at bank	2,518,647	-	2,518,647
Other assets	22,127	-	22,127
Total financial assets	62,281,335	-	62,281,335
Financial liability: -			
Other liabilities	413,944	-	413,944
Total net financial assets	61,867,391	-	61,867,391

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10. CORPORATE INFORMATION

The Fund Manager

Saturna Sdn Bhd 199501012969 (342171-V)

Registered Office

15-B, Jalan Tun Mohd Fuad 3
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel: 03-77268128 Fax: 03-77279702

Business Office

Suite 5.03, 5th Floor, Menara Atlan
161B Jalan Ampang
50450 Kuala Lumpur
Tel: 03-21645303 Fax: 03-21645308

Board of Directors

Jane Carten (Chairperson)
Monem A. Salam
Dato' Dr. Lee Chee Kuon
Dato' Dr. Vaseehar Hassan Bin Abdul Razack
Md. Noor Bin Haji A.Rahman
Shahariah Binti Shaharudin

Investment Committee

Jane Carten
Monem A. Salam
Dato' Dr. Vaseehar Hassan Bin Abdul Razack
Md. Noor Bin Haji A.Rahman
Ahmed Abdul Khalid

The Trustee

SCBMB Trustee Berhad 201201021301 (1005793-T)

Shariah Advisor

Amanie Advisors Sdn Bhd 200501007003 (684050-H)

Company Secretarial

Fulcrum Management Sdn Bhd 199301021951 (276689-A)

Auditors & Reporting Accountants

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

Tax Advisor

Crowe KL Tax Sdn Bhd 197101000345 (10709-X)

Solicitors

Wei Chien & Partners

Banker

Standard Chartered Saadiq Berhad 200801022118 (823437K)

