

# abrdn Islamic World Equity Fund

## **Annual Report**

30 June 2024

**abrdn.com**

abrdn Islamic Malaysia Sdn Bhd  
Registration No: 200801026015 (827342-W)

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## FUND INFORMATION

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<b>Name of Fund</b>	abrdn Islamic World Equity Fund
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<b>Fund Category / Type</b>	Equity (Islamic) / Growth
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<b>Fund Objective</b>	The Fund seeks to achieve capital appreciation in the long term through investments in Shariah-compliant equities and equity-related securities.
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<b>Fund Benchmark</b>	MSCI ACWI Islamic (Shariah) Index
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<b>Fund Income Distribution Policy</b>	As the investment objective of the Fund is to provide capital appreciation, distribution of income, if any, is incidental.
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## FUND PERFORMANCE DATA

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

Sector Allocation	30.06.2024 %	30.06.2023 %	30.06.2022 %
<b>Shariah-Compliant Equities</b>			
Application software	2.04	0.00	0.00
Consumer Discretionary	0.00	8.46	0.00
Consumer Products	12.41	0.00	14.55
Consumer Staples	0.00	9.14	0.00
Energy	2.76	0.51	0.00
Healthcare	23.42	28.25	30.67
Industrials	7.30	18.83	13.70
Industrial products	5.39	0.00	3.55
Industrial wholesale	1.91	0.00	0.00
Information Technology	34.04	17.41	20.73
Materials	0.00	8.22	7.01
Telecommunication Services	0.00	2.17	0.00
Oilfield services	2.13	0.00	0.00
Real Estate	2.03	5.24	5.81
Semiconductor	2.21	0.00	0.00
Others	0.00	0.46	1.60
<b>Cash</b>	4.36	1.31	2.38
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Country Allocation	30.06.2024 %	30.06.2023 %	30.06.2022 %
Australia	3.56	6.98	7.28
Brazil	0.00	0.00	0.00
Canada	1.94	0.00	0.00
China	0.00	1.68	0.00
Denmark	2.70	4.48	3.07
France	7.94	8.93	8.02
Germany	2.04	2.89	2.72
Hong Kong	0.00	0.00	1.97
Indonesia	0.00	1.02	1.04
India	0.00	3.73	4.00
Ireland	8.52	0.00	2.37
Italy	1.37	2.49	0.00
Japan	0.94	1.64	1.57
Republic of Korea (South)	1.93	2.44	1.87
Netherlands	5.62	5.21	4.98
New Zealand	0.00	1.66	3.00
Mexico	0.00	0.00	0.00
Singapore	0.00	1.76	0.00
South Africa	2.08	1.13	0.00
Spain	0.00	0.00	0.00
Sweden	2.03	4.15	3.55
Switzerland	3.89	5.36	6.50
Taiwan	2.21	0.00	0.00
Turkey	0.00	0.00	0.00
United Kingdom	3.34	8.21	11.55
United States	45.53	34.93	34.14
<b>Cash</b>	4.36	1.31	2.37
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## FUND PERFORMANCE DATA (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	2024	2023	2022
	A Class- MYR	A Class- MYR	A Class- MYR
Total NAV (RM' million)	883.434	669.508	530.943
NAV per unit (RM)	0.6906	2.4278	1.9168
Unit in Circulation (million)	1,279.162	275.770	276.996
Highest NAV per Unit (RM)	2.4168	2.4278	2.6074
Lowest NAV per Unit (RM)	0.5577	1.8656	1.8461
Return of the Fund (%)	13.7820	26.6590	-17.7833
- Capital Return (%)	13.7820	26.6590	-17.7833
- Income Return (%)	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil
Total Expense Ratio (TER) (%)	1.83	1.82	1.82
Portfolio Turnover Ratio (PTR) (times)	0.43	0.21	0.59

Source: Citibank Bhd

### Class A- MYR

Average Total Return	1 years 30.06.2023 to 30.06.2024 (%)	3 years (annualised) 30.06.2021 to 30.06.2024 (%)	5 years (annualised) 30.06.2019 to 30.06.2024 (%)
Fund	13.80	5.82	11.02

Source: Factset for Investment Management as at 30 June 2024

Annual Total Return	1 year 30.06.2023 to 30.06.2024 (%)	1 year 30.06.2022 to 30.06.2023 (%)	1 year 30.06.2021 to 30.06.2022 (%)	1 year 30.06.2020 to 30.06.2021 (%)	1 year 30.06.2019 to 30.06.2020 (%)
Fund	13.80	26.66	(17.78)	32.03	7.81

Source: Factset for Investment Management as at 30 June 2024

## FUND PERFORMANCE DATA (CONTINUED)

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

#### Basis of calculation and assumption made in calculating the returns

The performance figures are a comparison of the growth/decline in NAV for the stipulated period, taking into account all the distributions payable (if any) during the stipulated period.

An illustration of the above would be as follows:

Capital Return	=	NAV per Unit End / NAV per Unit Begin – 1
Income Return	=	Income Distribution per Unit / NAV per Unit Ex-Date
Total Return	=	Capital Return x Income Return – 1

#### **Class A- MYR**

Capital Return	=	$\{NAV \text{ per Unit @ } 30/06/2024 \div NAV \text{ per Unit @ } 30/06/2023 - 1\} \times 100$
	=	$\{0.6906 \div (2.4278/4) - 1\} \times 100$
	=	<b><u>13.7820%</u></b>
Total Income Return	=	$\{Income \text{ Distribution per Unit } \div NAV \text{ per Unit Ex-Distribution}\} \times 100$
	=	<b><u>Nil</u></b>
Return of the Fund	=	$\{[(1+Capital \text{ Return}) \times (1+Income \text{ Return})] - 1\} \times 100$
	=	$\{[(1+13.7820\%) \times (1+ 0\%)] - 1\} \times 100$
	=	<b><u>13.7820%</u></b>

**Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.**

## MANAGER'S REPORT

### Fund Performance

The abrdn Islamic World Equity Fund returned 13.80% in Malaysian ringgit terms over the 12 months to the end of June 2024, compared with the 14.81% total return of its benchmark, the MSCI AC World Islamic Index.

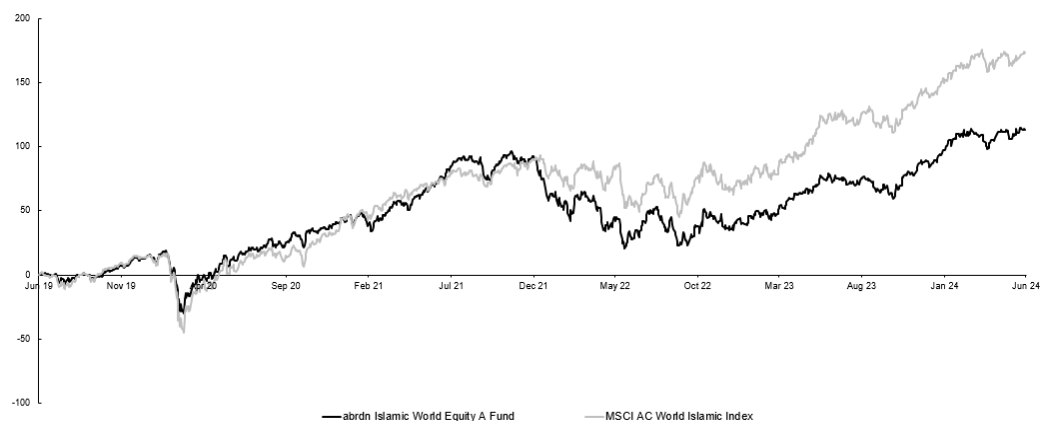
Given the performance during the year under review, we believe the Fund's objective is being met to provide investors with capital appreciation through long term investments in Shariah-compliant equities.

#### Class A- MYR

Income Return %	Capital Return %	Total Return of Fund %	Total Return of Benchmark %
0.00	13.80	13.80	14.81

### Fund Performance (Continued)

#### FUND RETURN (LAST 5 FINANCIAL PERIOD) VS BENCHMARK



**Benchmark:** MSCI ACWI Islamic (Shariah) Index

**Source:** Factset for Investment Management as at 30 June 2024

#### **Note:**

This information is prepared by abrdn Islamic Malaysia Sdn Bhd for information purposes only. Past performance of the Fund is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

## MANAGER'S REPORT (CONTINUED)

### Analysis of Fund Performance

The Fund's outperformance was mainly due to solid stock selection, which offset negative sector and country allocation effects. Our European holdings were the standout performers while at the sector level, our industrials and healthcare names contributed meaningfully.

Turning to individual stock contributions, **Goodman Group** performed well as investors began to appreciate its role as a beneficiary of data centre and AI capital expenditure. Elsewhere, **Trane Technologies** added value. In early February it reported results that were above expectations. The market focused on 2024 organic revenue guidance of 4-6% driven by 5-6% volume growth. In the semiconductor space, **ASML's** shares showed continued strength following high orders. Its shares enjoyed strength alongside the wider sector. The focus remains on 2025 with order activity the key share price driver.

On the negative side, our underweight in **Microsoft** weighed on relative returns after strong third quarter results. Its shares continued to perform well driven by Azure and AI momentum. **Lululemon** was also among the main laggards. Investors became increasingly concerned that competition and product saturation would impede future growth in the US. We believe that the current slowdown in sales is temporary and is more related to the current consumer weakness. Results released in early June were above expectations with both revenue and earnings growth in the low teens. While the US market is slowing, Canada remains robust and international markets are growing strongly. The share price has been very weak year-to-date but we think the market has overreacted. It continues to benefit from strong and growing brand recognition. Elsewhere, **Accenture** also weighed on relative returns. The company's consulting business remains challenged driven by weakness on discretionary projects. Two deals announced in early May should support revenue growth and we are hopeful that IT budgets will start recovering in 2025.

In portfolio activity, we introduced the following stocks:

- **Brunello Cucinelli**, an Italian luxury brand with defensive positioning given its exposure to resilient high-end consumers. We are also attracted to Brunello's returns which are below peer averages and should slowly improve over time.
- **Watsco**, the largest residential HVAC equipment distributor in the US. We think that the replacement cycle and regulatory change should help to drive an improvement in units sold.
- **SAP**, a global leader in ERP benefiting from the transition to cloud computing which now represents just over 50% of sales. New management has a more disciplined capital allocation approach.
- **NVIDIA**. Its competitive edge comes from a quasi-monopolistic position in GPUs and the broader software ecosystem that has been developed by the user base over the last 20 years (and would be very hard to replicate).
- **TSMC**, the Taiwanese semiconductor manufacturer. The company has deep and growing moats derived from its technological advantage. As the world transitions to ever more advanced semiconductor nodes, TSMC stands to benefit.
- **Accenture**, which we view as a clear market leader in the IT services sector and should benefit from cyclical improvement in demand.
- **Baker Hughes**. It has a dominant market position and 50% of its sales come from aftermarket products/services with long-term service agreements in place. This translates to more stable, margin accretive and capital-light growth.
- **Canadian Pacific Kansas City**. The company has the strongest growth outlook amongst North American railway businesses.



## MANAGER'S REPORT (CONTINUED)

### Analysis of Fund Performance

- **Hubbell**, which, through its utility business, gives us exposure to grid modernisation spending in the US.
- **Marvell**, where we are more positive than the market on medium-term growth.
- **Synopsys**, as we are positive on the ongoing structural growth in semiconductor design.
- **Emerson**, following its re-introduction to the Islamic index. It should benefit from increasing market share within global automation. The shift to an asset-light business model has freed up greater cash flow and returns to shareholders.

Against these new additions, we exited **Asian Paints** on the back of concerns around competition and the impact on pricing – an important component of growth. We sold **China Resources Land** given concerns over the overall health of that part of the market. We exited positions in **VAT Group** and **Altium** to lower our exposure to the semiconductor sector after strong performance. We sold **Croda**, **Spirax Sarco**, **ARB Corp**, **Auckland International** and **Johnson & Johnson** as these were low conviction buys and capital was allocated to names where upside was more material. We sold **Assa Abloy**, **Merck**, **Syngene International**, **DSV** and **Veralto** as they are no longer included in the benchmark. We exited Dechra ahead of a takeover deal as we saw little upside opportunity. We divested the following holdings as we saw better opportunities elsewhere: **Kering**, **Prologis**, **Pfizer**, **Sanofi**, **Ace Hardware**, **Telekom Indonesia** and **Singapore Telecommunications**.

### Market Review

Global equity markets ended the period notably higher, supported by reduced inflationary pressures in most developed economies after a prolonged period of monetary tightening. The European Central Bank (ECB), the Bank of Canada and the Swiss National Bank all started cutting interest rates over the year.

US equities rose driven by large technology companies as they benefited from their exposure to the fast-growing area of artificial intelligence (AI). Lower bond yields provided an additional tailwind for the sector. Robust economic data raised hopes for a 'soft landing'. Inflationary pressures continued to ease following a succession of interest-rate increases from the US Federal Reserve (Fed) since early 2022. In particular, the central bank's favoured measure of inflation, the core Personal Consumptions Expenditures Price Index, fell from an annual rate of 4.1% in June 2023 to 2.6% in May 2024, but remained above the 2% target. The Fed kept the target range for the fed funds rate at a 42-year high of 5.25–5.50% over the period.

European equities moved higher despite political uncertainty towards the end of the period. French President Emmanuel Macron called for a snap general election after his centrist alliance suffered a shock defeat to the far-right National Rally in the European Parliament elections. The resulting political uncertainty, coupled with concerns about France's future fiscal position and the stability of the EU, led to a sharp sell-off in French equities and government bonds.

In the Asia Pacific region, investors grew concerned about the outlook for the Chinese economy – especially the country's property sector – and the implications for global economic growth. Indian equities outperformed, helped by Prime Minister Modi's pro-business reforms. Stocks in Taiwan were supported by the country's relatively high weighting to the buoyant technology sector.

## MANAGER'S REPORT (CONTINUED)

**Market Review** Japanese equities ended higher over the period. At its March meeting, the BoJ raised its key short-term interest rate from -0.1% to around 0-0.1%. This was the first rate hike since 2007, concluding eight years of negative rates. The central bank has signalled the possibility of another rate hike and will also be looking to start reducing bond purchases. This potential shift comes as the BoJ's ongoing accommodative monetary policy stance has led to further yen weakness, triggering central-bank intervention.

**Investment Strategy** As bottom-up stock pickers, our asset allocation is a default and the sum of the individual companies, rather than being driven by top-down allocation. We are looking to manage portfolios that are concentrated, but also diversified in terms of our holdings' businesses. As a result, the top-down views from a geographical and sector perspective do not provide true visibility of the diversification of the portfolio.

Pertaining to the current country weightings, the overweight to France is due to the investments in L'Oréal, Schneider Electric and TotalEnergies. We also have an overweight exposure to the Netherlands, due to the holdings in ASML and DSM Firmenich. Against these, we are underweight to the US. Having said that, we hold several US stocks, including consumer goods giant Procter & Gamble, sportswear brand Lululemon Athletica, and NVIDIA, among others. By sector, we like companies in industrials, such as Schneider Electric and Trane Technologies. Conversely, we are underweight to the energy and technology sectors, as there are more attractive investment ideas in other sectors.

**Outlook** Macroeconomic factors remain as unpredictable as ever with investors scrutinising the latest data and trying to predict when a pivot in the direction of interest rates might occur. We now have central banks on different paths with regards to rates, with the ECB cutting rates in June, while the Fed, for now, remains relatively hawkish. Geopolitical pressures remain elevated throughout the world. Elections in Mexico, India, South Africa, and France have thrown up surprises and, with the early start to Presidential proceedings in the United States, this is likely to remain the case. Recessionary concerns appear to have largely abated given economic data has so far been more positive than many expected. Our focus remains at the stock level, ensuring the portfolio is well diversified on both a regional and sectoral basis, and robust enough to preserve capital in periods of market weakness. We aim to invest in higher-quality businesses with the financial strength to withstand volatility and that are exposed to strong structural drivers for long-term growth.

**Analysis of  
fund  
Performance**

Share Class A - MYR	30.06.2024 %	30.06.2023 %	Change %
NAV (RM Million)	883.434	669.508	31.95
NAV/Unit (RM)	0.6906	0.6070	13.78

The fund's NAV increased by 31.95% to 883.434 million as at 30 Jun 2024. While, the NAV per unit increased by 13.78% during the year.

## MANAGER'S REPORT (CONTINUED)

Asset Allocation	As at 30.06.2024 %	As at 30.06.2023 %	As at 30.06.2022 %
Shariah-Compliant Equities	95.64	98.69	96.99
Cash	<b>4.36</b>	<b>1.31</b>	<b>3.01</b>
<b>Total</b>	100.00	100.00	100.00

**Distribution/  
Unit Split** There was a unit split exercise done on 1<sup>st</sup> September 2023.

**State of Affairs  
of the Fund** There has been no significant change to the state of affairs of the Fund, nor any circumstances that materially affected any interests of the unitholders during the year under review.

**Cross trade  
transactions** No cross trade transactions have been carried out during the reported year, and this has been reviewed by the oversight function.

**Soft  
Commissions** Soft commissions received from brokers or dealers are retained by the management company only if the goods and services provided are of demonstrable benefit to unitholders of the Fund as per requirements of Clause 11.20 and 9.21 of the Guidelines on Unit Trust Funds.

During the year under review, the Manager and its delegates (if any) did not receive any soft commissions from stockbrokers or dealers.

**Securities  
financing  
transactions** The fund has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	2024	2023
		RM	RM
<b>SHARIAH-COMPLIANT NET INVESTMENT INCOME</b>			
Dividend income		11,640,674	10,091,597
Other income		16,228	7,354
Net gain on financial assets at fair value through profit or loss (Shariah-compliant)	7	112,476,259	148,937,993
Net loss on foreign currency exchange		(4,801,005)	(2,243,001)
		<u>119,332,156</u>	<u>156,793,943</u>
<b>EXPENSES</b>			
Management fee	4	(13,098,069)	(10,356,981)
Trustee's and custodian fees	5	(383,498)	(316,515)
Audit fee		(11,016)	(9,300)
Tax agent's fee		(14,020)	(27,119)
Transaction costs		(496,362)	(216,909)
Payment to charitable bodies		(128,165)	(543,982)
Other expenses		(2,681,071)	(2,040,684)
		<u>(16,812,201)</u>	<u>(13,511,487)</u>
<b>NET PROFIT BEFORE TAXATION</b>		102,519,955	143,282,456
Taxation	6	<u>(2,234,965)</u>	<u>(53,606)</u>
<b>NET INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>100,284,990</u>	<u>143,228,850</u>
Net increase in net assets attributable to unitholders in made up as follows:			
Realised amount		14,947,195	(1,659,167)
Unrealised amount		85,337,795	144,888,017
		<u>100,284,990</u>	<u>143,228,850</u>

The accompanying summary of material accounting policies and notes to the financial statements form an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	2024 RM	2023 RM
<b>ASSETS</b>			
Cash and cash equivalents	8	34,983,777	10,003,349
Financial assets at fair value through profit or loss (Shariah-compliant)	7	844,957,945	657,598,634
Amount due from Manager			
- Creation of units		8,642,958	5,753,315
Dividends receivable		636,617	1,109,784
<b>TOTAL ASSETS</b>		<b>889,221,297</b>	<b>674,465,082</b>
<b>LIABILITIES</b>			
Amount due to Manager			
- Management fee		1,247,973	2,772,827
- Cancellation of units		4,371,678	2,125,072
Amount due to Trustee		28,525	21,490
Other payables and accruals		31,779	37,776
Tax payable		107,740	-
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<b>5,787,695</b>	<b>4,957,165</b>
<b>NET ASSET VALUE OF THE FUND</b>		<b>883,433,602</b>	<b>669,507,917</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>883,433,602</b>	<b>669,507,917</b>
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS</b>			
- CLASS A - MYR		883,433,602	669,507,917
- CLASS A - USD		-	-
- CLASS A - SGD		-	-
- CLASS A - AUD		-	-
- CLASS I - MYR		-	-
		<b>883,433,602</b>	<b>669,507,917</b>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>			
- CLASS A - MYR	10 (a)	1,279,161,546	275,770,360
- CLASS A - USD	10 (b)	-	-
- CLASS A - SGD	10 (c)	-	-
- CLASS A - AUD	10 (d)	-	-
- CLASS I - MYR	10 (e)	-	-

The accompanying summary of material accounting policies and notes to the financial statements form an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024 (CONTINUED)

	Note	2024	2023
		RM	RM
<b>NAV PER UNIT (RM)</b>			
- CLASS A - MYR		0.6906	2.4278
- CLASS A - USD		-	-
- CLASS A - SGD		-	-
- CLASS A - AUD		-	-
- CLASS I - MYR		-	-
		<hr/>	<hr/>
<b>NAV PER UNIT (RM)</b>			
- CLASS A - MYR		0.6906	2.4278
- CLASS A - USD		-	-
- CLASS A - SGD		-	-
- CLASS A - AUD		-	-
- CLASS I - MYR		-	-
		<hr/>	<hr/>

The accompanying summary of material accounting policies and notes to the financial statements form an integral part of these financial statements.

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO  
UNITHOLDERS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		
<b>AT THE BEGINNING OF THE FINANCIAL YEAR</b>	669,507,917	530,943,140
Movement due to units created and cancelled during the financial year:		
Creation of units arising from applications	391,744,563	121,079,044
Cancellation of units	<u>(278,103,868)</u>	<u>(125,743,117)</u>
	<u>113,640,695</u>	<u>(4,664,073)</u>
Net increase in net assets attributable to unitholders during the financial year:	<u>100,284,990</u>	<u>143,228,850</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		
<b>AT THE END OF THE FINANCIAL YEAR</b>	<u><u>883,433,602</u></u>	<u><u>669,507,917</u></u>

The accompanying summary of material accounting policies and notes to the financial statements form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	2024 RM	2023 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of Shariah-compliant investments		286,879,291	156,507,217
Purchase of Shariah-compliant investments		(361,762,345)	(146,850,915)
Dividends received		12,113,841	9,903,099
Other income received		16,228	7,354
Management fee paid		(14,622,922)	(9,161,385)
Trustee's fee paid		(292,349)	(232,748)
Payment for other fees and expenses		(3,292,579)	(2,363,434)
Payment to charitable bodies		(128,165)	(543,982)
Net realised foreign exchange loss		(5,153,990)	(1,833,673)
Tax paid		(2,127,225)	(53,606)
Net cash used in operating activities		(88,370,215)	5,377,927
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		388,854,920	119,487,969
Payments for cancellation of units		(275,857,262)	(124,912,476)
Net cash generated from financing activities		112,997,658	(5,424,507)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>24,627,443</b>	<b>(46,580)</b>
<b>EFFECT ON FOREIGN CURRENCY EXCHANGE</b>		<b>352,985</b>	<b>(409,328)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>10,003,349</b>	<b>10,459,257</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	8	<b>34,983,777</b>	<b>10,003,349</b>
Cash and cash equivalent comprise of:			
Bank balances	8	34,983,777	10,003,349

The accompanying summary of material accounting policies and notes to the financial statements form an integral part of these financial statements.



## SUMMARY OF MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

### A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, except as disclosed in the summary of significant accounting policies and comply with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS").

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial period. It also requires the Manager to exercise its judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement are based on the Manager's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note L.

(a) Standards, amendments to published standards and interpretations that are effective:

- Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of Accounting Policies'.

The adoption of the above standards, amendments to standards or interpretations did not have a material effect on the financial statements of the Fund.

(b) The standards, amendments to published standards and interpretations to existing standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

i. Financial period beginning on/ after 1 July 2023

- Amendments to MFRS 101 - Classification of liabilities as current or non-current (effective 1 January 2024) clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 'Financial Instruments: Presentation' does not impact the current or non-current classification of the convertible instrument.

The amendments shall be applied retrospectively.

- Amendments to MFRS 101 – Non-current liabilities with covenants (effective 1 January 2024) specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of liability as current or non-current, even if the covenant is only assessed after the reporting date.

The amendments shall be applied retrospectively.

## **SUMMARY OF MATERIAL ACCOUNTING POLICIES**

### **FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)**

#### **A. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

The Fund will apply these amendments to published standards when effective. These amendments are not expected to have a significant impact on the Fund's financial statements.

- ii. Financial period beginning on/after 1 July 2024

There are no other standards, amendments to standards or interpretations that are effective for the financial year beginning on 1 July 2024 that have a material effect on the financial statements of the Fund.

#### **B INCOME RECOGNITION**

Profit income from Islamic deposits placed with licensed financial institutions is recognised on a time proportionate basis using the effective profit rate method on an accrual basis.

Profit income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Dividend income is recognised on the ex-dividend date, when the right to receive the dividend has been established.

Realised gains and losses on sale of quoted Shariah-compliant investments are accounted for as the difference between the net disposal proceeds and the carrying amount of Shariah-compliant investments, determined on a weighted average cost basis.

Shariah non-compliant investments will be disposed-off the soonest practical. In the event the investment resulted in gain (through capital gain and/or dividend), the gain is to be channelled to baitulmal or any other charitable bodies as advised by the Shariah Adviser and approved by the Trustee. If the disposal of the investment resulted in losses to the Funds, the losses are to be borne by the Manager. The amount is recognised as an expense in profit or loss.

#### **C TRANSACTION COSTS**

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the profit or loss as expenses.

#### **D TAXATION**

Current tax expense is determined according to the Malaysian tax laws at the current rate based on the taxable profit earned during the financial year.

Tax on investment income from foreign investments are based on the tax regime of the respective countries that the Fund invests in.

Withholding tax on investment income from foreign investment are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised, measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

## **SUMMARY OF MATERIAL ACCOUNTING POLICIES**

### **FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)**

#### **E FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s functional and presentation currency.

#### **F FOREIGN CURRENCY TRANSLATION**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

##### **(i) Classification**

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost

The Fund classifies its Shariah-compliant investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate quoted Shariah-compliant equities as fair value through other comprehensive income.

The contractual cash flows of the Fund’s sukuk are solely payments of principal and profit (“SPPI”). However, these quoted Shariah-compliant equities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale.

The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from Manager and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows that represent SPPI.

The Fund classifies amount due to Manager, amount due to Trustee and other payables and accruals as financial liabilities measured at amortised cost.

## **SUMMARY OF MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)**

### **G. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

#### **(ii) Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-dates, the date on which the Fund commits to purchase or sell the asset. Shariah-compliant investments are initially recognised at fair value. Transaction costs are expensed in the profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the Shariah-compliant investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities 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.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category including the effects of foreign transactions are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit and loss in the financial year which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in profit and loss as part of gross dividend income when the Fund's right to receive payments is established.

Quoted Shariah-compliant securities are valued at the last done market price quoted on Bursa Malaysia Securities Bhd ("Bursa Securities") at the date of the statement of financial position.

Foreign quoted Shariah-compliant securities are valued at the last traded market price quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

If a valuation based on the market price does not represent the fair value of the quoted Shariah-compliant securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the quoted Shariah-compliant securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the quoted Shariah-compliant securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

Islamic deposits with licensed Islamic financial institutions are stated at cost plus accrued profit calculated on the effective profit method over the period from the date of placement to the date of maturity of the respective Islamic deposits.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective profit method.

## SUMMARY OF MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### G. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

#### (iii) Impairment

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management consider the probability of default to be close to zero as these Shariah-compliant 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 allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

#### Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

#### Definition of default and credit-impaired financial assets

The Fund defines a financial instrument as default, which is truly aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

#### Quantitative criteria:

Any contractual payment which is more than 90 days past due is considered credit impaired.

#### Qualitative criteria:

The debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Fund considers the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtors' financial difficulty;
- it is becoming probable that debtor will enter bankruptcy or other financial reorganisation;
- the debtor is insolvent

## SUMMARY OF MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### G. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Financial instruments that are credit-impaired are assessed on individual basis.

#### Write-off

The Fund write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

### H. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### I. CREATION AND CANCELLATION OF UNITS

The unitholders' capital of the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in two classes of units, known respectively as Class A, targeted at retail investors and Class I, targeted at institutional investors, which are cancelled at the unitholder's option and do not have identical features. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value ("NAV") of respective classes. The outstanding units are carried at the redemption amount that is payable at the statement of financial position if the unitholder exercises the right to put back the unit to the Fund.

Each class of units are also offered in different currency denominations, i.e. Ringgit Malaysia, United States Dollars, Singapore Dollars and Australian Dollars. The United States Dollars, Singapore Dollars and Australian Dollars denominated classes are not offered for sale for the financial year ended 30 June 2024 and 30 June 2023.

Units are created and cancelled at the unitholder's option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unitholders of respective classes with the total number of outstanding units of respective classes.

## SUMMARY OF MATERIAL ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### **J. INCREASE/DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

Profit not distributed is included in net assets attributable to unitholders.

### **K. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the statement of financial position.

### **L. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgments are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission's ("SC") Guidelines on Unit Trust Funds.

#### Functional currency

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in RM primarily due to the following factors:

- Part of the Fund's cash is denominated in RM for the purpose of making settlement of the creation and cancellation.
- The Fund's units are denominated in RM.
- The Fund's significant expenses are denominated in RM.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

### 1. INFORMATION ON THE FUND

The Fund was constituted under the name of Aberdeen Standard Islamic World Equity Fund (the “Fund”) pursuant to the execution of a Deed dated 10 September 2012 as amended by the Supplemental Deed dated 11 March 2013, Second Supplemental Deed dated 27 March 2015, Third Supplemental Deed dated 16 October 2015, Fourth Supplemental Deed dated 13 November 2018 and Fifth Supplemental Deed dated 5 October 2020 was entered into between Aberdeen Standard Islamic Investments (Malaysia) Sdn Bhd (the “Manager”) and CIMB Islamic Trustee Berhad (the “Trustee”) in relation to the change of trustee. During the period, Sixth Supplemental Deed dated 23 February 2022 (collectively referred to as the “Deeds”) was entered in relation to the change of fund’s name from Aberdeen Standard Islamic World Equity Fund to abrdn Islamic World Equity Fund w.e.f 1<sup>st</sup> April 2022 and manager’s name from Aberdeen Standard Islamic Investments (Malaysia) Sdn. Bhd. to abrdn Islamic Malaysia Sdn. Bhd.

The Fund seeks to achieve capital appreciation in the long term through investments in Shariah-compliant equities and equity related securities. The Fund is a multi-class Fund which offers Class A, targeted at retail investors and Class I, targeted at institutional investors. Each class of units are also offered in different currency denominations, i.e. Ringgit Malaysia, United States Dollars, Singapore Dollars and Australian Dollars. The United States Dollars, Singapore Dollars and Australian Dollars denominated classes are not offered for sale for the financial year ended 30 June 2024.

All investments will be subjected to the Securities Commission (“SC”)’s Guidelines on Unit Trust Funds, SC’s requirements, the Deeds approved and the objective of the Fund, except where exemptions or variations have been approved by SC, internal policies and procedures and the Fund’s objective.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of Unit Trust Funds

### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include market risk (including price risk and currency risk), credit risk, liquidity risk, non-compliance risk, reclassification of Shariah status risk and capital risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the prospectus and the SC’s Guidelines on Unit Trust Funds.

Financial instruments of the Fund are as follows:



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

	Note	At amortised cost	At fair value through profit or loss	Total
<b>2024</b>		<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>Financial assets</u>				
Cash and cash equivalents	8	34,983,777	-	34,983,777
Quoted Shariah-compliant securities	7	-	844,957,945	844,957,945
Amount due from Manager		8,642,958	-	8,642,958
Dividends receivable		636,617	-	636,617
		<u>44,263,352</u>	<u>844,957,945</u>	<u>889,221,297</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- Management fee		1,247,973	-	1,247,973
- Cancellation of units		4,371,678	-	4,371,678
Amount due to Trustee		28,525	-	28,525
Other payables and accruals		31,779	-	31,779
		<u>5,679,955</u>	<u>-</u>	<u>5,679,955</u>
<b>2023</b>				
<u>Financial assets</u>				
Cash and cash equivalents	8	10,003,349	-	10,003,349
Quoted Shariah-compliant securities	7	-	657,598,634	657,598,634
Amount due from Manager		5,753,315	-	5,753,315
Dividends receivable		1,109,784	-	1,109,784
		<u>16,866,448</u>	<u>657,598,634</u>	<u>674,465,082</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- Management fee		2,772,827	-	2,772,827
- Cancellation of units		2,125,072	-	2,125,072
Amount due to Trustee		21,490	-	21,490
Other payables and accruals		37,776	-	37,776
		<u>4,957,165</u>	<u>-</u>	<u>4,957,165</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

#### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Market risk

##### (i) Price risk

Price risk arises mainly due to uncertainty on the future prices of Shariah-compliant investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

The table below shows the financial instruments of the Fund which are exposed to price risk.

	2024 RM	2023 RM
Quoted Shariah-compliant securities designated at fair value through profit or loss	844,957,945	657,598,634

The following table summarises the sensitivity of the Fund's net asset value (NAV) and profit after taxation to movements in prices of investments at the end of the reporting year. The analysis is based on the assumptions that the market price of investments fluctuates by 5% with all other variables held constant. This represents the Manager's best estimate of a reasonable possible shift in investments, having regard to the historical volatility of the prices.

##### % change in price of quoted Shariah-compliant securities

	Market value RM	Impact on profit after tax/NAV RM
<b>2024</b>		
+5%	887,205,842	42,247,897
0%	844,957,945	-
-5%	802,710,048	(42,247,897)

##### % change in price of quoted Shariah-compliant securities

	Market value RM	Impact on profit after tax/NAV RM
<b>2023</b>		
+5%	690,478,566	32,879,932
0%	657,598,634	-
-5%	624,718,702	(32,879,932)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

#### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Market risk (continued)

##### (ii) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavorable movement against Ringgit Malaysia, the investments will face currency losses in addition to the capital gain/loss. The Manager will evaluate the likely directions of a foreign currency versus Ringgit Malaysia based on considerations of economic fundamentals such as profit rate differentials, balance of payments position, debt levels, and technical chart considerations.

	Cash and cash equivalents	Quoted shariah compliant securities	Dividends receivable	Total
	RM	RM	RM	RM
<b>2024</b>				
<b><u>Financial assets</u></b>				
AUD	-	31,455,971	65,677	31,521,648
CAD	-	-	22,670	22,670
CHF	-	17,215,774	-	17,215,774
DKK	631	23,886,534	-	23,887,165
EUR	86	190,716,459	231,439	190,947,984
GBP	-	29,527,949	-	29,527,949
JPY	-	8,288,146	51,128	8,339,274
SEK	212	17,969,712	-	17,969,924
TWD	-	19,525,685	55,885	19,581,570
USD	1,035,140	487,985,964	120,121	489,141,225
ZAR	-	18,385,751	89,697	18,475,448
	1,036,069	844,957,945	636,617	846,630,631
<b>2023</b>				
<b><u>Financial assets</u></b>				
AUD	-	48,925,569	87,471	49,013,040
CHF	-	28,832,597	-	28,832,597
DKK	636	25,666,702	-	25,667,338.23
EUR	-	139,151,371	66,133	139,217,504
HKD	-	10,045,190	421,777	10,466,967
IDR	-	14,444,745	313,369	14,758,114
INR	83,297	28,111,025	15,212	28,209,534
GBP	-	52,736,629	-	52,736,629
JPY	-	11,374,287	46,979	11,421,266
SEK	206	27,082,283	-	27,082,489
SGD	-	9,386,061	-	9,386,061
USD	316,358	254,927,999	119,680	255,364,037
ZAR	-	6,914,176	39,163	6,953,339
	400,497	657,598,634	1,109,784	659,108,915

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Market risk (continued)

#### ii. Currency risk (continued)

The table below summarises the sensitivity of the Fund's investments fair value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes by 5%, with all other variables remain assumption that the foreign exchange rate changes by 5%, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/decrease in foreign exchange rate will result in a corresponding decrease/increase in the net assets attributable to unitholders by approximately 5%. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	<u>Change in Price</u> %	<u>Impact on profit</u> <u>after tax/NAV</u> RM
<b><u>2024</u></b>		
AUD	5	1,576,082
CAD	5	1,134
CHF	5	860,789
DKK	5	1,194,358
EUR	5	9,547,399
GBP	5	1,476,397
JPY	5	416,964
SEK	5	898,496
TWD	5	979,079
USD	5	24,457,061
ZAR	5	923,772
	<u>Change in Price</u> %	<u>Impact on profit</u> <u>after tax/NAV</u> RM
<b><u>2023</u></b>		
AUD	5	2,450,652
CHF	5	1,441,630
DKK	5	1,283,367
EUR	5	6,960,875
HKD	5	523,348
IDR	5	737,906
INR	5	1,410,477
GBP	5	2,636,831
JPY	5	571,063
SEK	5	1,354,124
SGD	5	469,303
USD	5	12,768,202
ZAR	5	347,667

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

#### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Credit risk

Credit risk refers to the risk that an issuer or counterparty will default on its contractual obligation to make timely payments of profit, principals and proceeds resulting in financial loss to the Fund. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

Credit risk arising from cash and cash equivalents is managed by ensuring that the Fund will only place Islamic deposits in reputable licensed financial institutions.

The settlement terms of the proceeds from the creation of units receivable from the Manager and redemption of units payable to the Manager are governed by the SC's Guidelines on Unit Trust Funds.

For amount due from stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by respective stock exchange. The credit risk is minimal as all transactions in Shariah-compliant investments are settled/paid upon delivery using approved stockbrokers.

The following table sets out the credit risk concentration of the Fund:

	Cash and cash equivalents	Amount due from Manager	Dividends receivable	Total
2024	RM	RM	RM	RM
Finance				
- AAA	34,983,777	-	-	34,983,777
Energy				
- Not-rated	-	-	231,439	231,439
Healthcare				
- Not-rated	-	-	260,946	260,946
Industrial Products				
- Not-rated	-	-	22,670	22,670
Information Technology				
- Not-rated	-	-	55,885	55,885
Real Estate				
- Not-rated	-	-	65,677	65,677
Others				
- Not-rated	-	8,642,958	-	8,642,958
	34,983,777	8,642,958	636,617	44,263,352

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Credit risk (continued)

The following table sets out the credit risk concentration of the Fund:

	Cash and cash equivalents	Amount due from Manager	Dividends receivable	Total
2023	RM	RM	RM	RM
Finance				
- AAA	10,003,349	-	-	10,003,349
Energy				
- Not-rated	-	-	66,133	66,133
Healthcare				
- Not-rated	-	-	221,034	221,034
Telecommunications & Media				
-Not-rated	-	-	313,369	313,369
Real Estate				
- Not-rated	-	-	509,248	509,248
Others				
- Not-rated	-	5,753,315	-	5,753,315
	10,003,349	5,753,315	1,109,784	16,866,448

All financial assets of the Fund as at the end of the financial year are neither past due nor impaired.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Liquidity risk

Liquidity risk is the risk that investments cannot be readily sold at or near its actual value without taking a significant discount. This will result in lower NAV and profit after tax of the Fund. The Manager manages this risk by maintaining sufficient level of Islamic liquid assets to meet anticipated payment and cancellations of units by unitholders. Islamic liquid assets comprise cash, Islamic deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining year at the statement of financial position date to the contractual maturity date. The amounts in the table below are the contractual undiscounted cash flows.

	Less than 1 month	Between 1 month to 1 year	Total
<b>2024</b>	RM	RM	RM
Amount due to the Manager			
- Management fee	1,247,973	-	1,247,973
- Cancellation of units	4,371,678	-	4,371,678
Amount due to Trustee	28,525	-	28,525
Other payables and accruals	-	31,779	31,779
Net assets attributable to unitholders*	883,433,602	-	883,433,602
Contractual undiscounted cash outflows	889,081,778	31,779	889,113,557

	Less than 1 month	Between 1 month to 1 year	Total
<b>2023</b>	RM	RM	RM
Amount due to the Manager			
- Management fee	2,772,827	-	2,772,827
- Cancellation of units	2,125,072	-	2,125,072
Amount due to Trustee	21,490	-	21,490
Other payables and accruals	-	37,776	37,776
Net assets attributable to unitholders*	669,507,917	-	669,507,917
Contractual undiscounted cash outflows	674,427,306	37,776	674,465,082

\* Units are deemed on demand at the unitholder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as unitholders of these instruments typically retain them for the medium to long term.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Non-compliance risk

Non-compliance risk arises when the Manager and others associated with the Fund are not in compliance with the rules set out in the Fund's constitution or the law that governs the Fund, applicable internal control procedures, or act fraudulently or dishonestly. It also includes the risk of the Manager not complying with internal control procedures.

The non-compliance may expose the Fund to higher risks which may result in a fall in the value of the Fund which in turn may affect its investment goals. However, the risk can be mitigated by the internal controls and compliance monitoring undertaken by the Manager.

#### Reclassification of Shariah status risk

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

There may be opportunity loss to the Fund due to the Fund not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant equities. The value of the Fund may also be adversely affected in the event of a disposal of Shariah non-compliant equities at a price lower than the investment cost.

#### Capital risk management

The capital of the Fund is represented by net assets attributable to unitholders of RM883,433,602 (2023: RM669,507,917). The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at discretion of unitholders. The Fund's objective when managing net assets attributable to unitholders is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

### 3. FAIR VALUE ESTIMATION

Fair value is defined as 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 (i.e. an exit price). The fair value of financial assets traded in active markets (such as trading Shariah-compliant securities) are based on quoted market prices at the close of trading on the financial period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 3. FAIR VALUE ESTIMATION (CONTINUED)

#### (i) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : Quoted prices (unadjusted) in active market 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 (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 : Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

	Level 1	Level 2	Level 3	Total
As at 30 June 2024	RM	RM	RM	RM
Financial assets at fair value through profit or loss				
- quoted Shariah-compliant securities	844,957,945	-	-	844,957,945
<b>As at 30 June 2023</b>				
Financial assets at fair value through profit or loss at inception				
- quoted Shariah-compliant securities	657,598,634	-	-	657,598,634

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### (i) Fair value hierarchy (continued)

Shariah-compliant investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed Shariah-compliant equities. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note G.

(ii) The carrying values of cash and cash equivalents, amount due from Manager, dividends receivable and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

### 4. MANAGEMENT FEE

In accordance with Clause 13.1.3 of the Deeds, the maximum rate of the annual management fee shall be 2.00% per annum of the net asset value of the Fund.

For the financial year ended 30 June 2024 and 30 June 2023, the management fee for the respective unit classes are as follows:

Class A	Class I
1.75% per annum	1.00% per annum

There will be no further liability to the Manager in respect of management fee other than the amount recognised above.

### 5. TRUSTEE'S AND CUSTODIAN FEES

The maximum rate of annual trustee fee shall be up to zero point zero four per centum (0.04%) (2023: 0.04% per annum) per annum of the NAV of the Fund, subject to a minimum fee of RM15,000 (excluding foreign custodian fees and charges, if applicable) (2023: RM15,000)

For the financial year ended 30 June 2024, the Trustee's fee is recognised at a rate of 0.04% (2023: 0.04%) per annum for each unit class.

There will be no further liability to the Trustee in respect of trustee's fee other than the amount recognised above.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 6. TAXATION

	2024	2023
	RM	RM
Tax charged for the financial year:		
- Current taxation	697,463	-
- Under provision of taxation in prior year	1,537,502	53,606
	<u>2,234,965</u>	<u>53,606</u>

The numerical reconciliation between profit before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	2024	2023
	RM	RM
Net profit before taxation	<u>102,519,955</u>	<u>143,282,456</u>
Tax at Malaysian statutory rate of 24% (2023: 24%)	24,604,789	34,387,789
Tax effects of:		
- Investment income not subject to tax	(28,639,717)	(37,630,546)
- Foreign income subject to different tax rates	697,463	-
- Expenses not deductible for tax purposes	888,748	754,850
- Restriction on tax deductible expenses for unit trust funds	3,146,180	2,487,907
- Under provision of taxation in prior year	1,537,502	53,606
Taxation	<u>2,234,965</u>	<u>53,606</u>

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RM	RM
Designated at fair value through profit or loss at inception		
- quoted Shariah-compliant securities (Note (a))	<u>844,957,945</u>	<u>657,598,634</u>
Net gain/(loss) on financial assets at fair value through profit or loss		
- Realised gain on sale of investments	27,491,450	3,640,648
- Unrealised gain/(loss) in changes in fair value	84,984,809	145,297,345
	<u>112,476,259</u>	<u>148,937,993</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

#### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

##### (a) Quoted Shariah-compliant investments

Name of counter	Quantity	Aggregate cost	Fair value as at 30.06.2024	Percentage of NAV
	Units	RM	RM	%
<b>AUSTRALIA</b>				
<u>Health Care</u>				
Cochlear Limited	12,954	8,035,678	13,555,899	1.53
<u>Real Estate</u>				
Goodman Group	163,497	8,527,248	17,900,072	2.03
<b>CANADA</b>				
<u>Industrials</u>				
Canadian Pacific Kansas City	46,145	17,504,589	17,138,632	1.94
<b>DENMARK</b>				
<u>Health Care</u>				
Novo Nordisk A/S	35,036	8,851,526	23,886,534	2.70
<b>FRANCE</b>				
<u>Consumer Products</u>				
L'Oreal SA	10,687	14,344,348	22,156,307	2.51
<u>Energy</u>				
TotalEnergies SE	77,258	21,462,714	24,346,993	2.76
<u>Industrials</u>				
Schneider Electric SA	20,778	12,441,584	23,563,390	2.67
<b>GERMANY</b>				
<u>Application Software</u>				
SAP SE	18,803	16,928,059	18,017,185	2.04
<b>IRELAND</b>				
<u>Healthcare</u>				
Medtronic PLC MDT	42,479	17,827,820	15,773,042	1.79
<u>Industrials</u>				
Linde Public Limited Company	11,434	12,559,918	23,725,222	2.69

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Shariah-compliant investments (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.06.2024	Percentage of NAV
	Units	RM	RM	%
<b>IRELAND (continued)</b>				
<u>Information Technology</u>				
Accenture PLC-CL A	13,071	22,653,118	18,708,974	2.12
Trane Technologies Plc	10,954	6,781,182	16,997,595	1.92
	24,025	29,434,300	35,706,569	4.04
<b>ITALY</b>				
<u>Apparel</u>				
Brunello Cucinelli SPA	25,586	12,317,775	12,095,358	1.37
<b>JAPAN</b>				
<u>Healthcare</u>				
Asahi Intecc Co. Ltd	125,300	12,054,933	8,288,146	0.94
<b>KOREA</b>				
<u>Information Technology</u>				
Samsung Electronics Co.,Ltd	3,126	16,114,309	17,047,397	1.93
<b>NETHERLANDS</b>				
<u>Consumer Products</u>				
Ferrari NV Race	8,772	8,097,807	16,884,424	1.91
<u>Information Technology</u>				
Asml Holding N.V.	6,726	14,736,424	32,789,043	3.71
<b>SOUTH AFRICA</b>				
<u>Health Care</u>				
Clicks Group	206,659	15,450,275	18,385,751	2.08
<b>SWEDEN</b>				
<u>Industrial Products</u>				
Atlas Copco Aktiebolag	202,509	11,442,357	17,969,712	2.03
<b>SWITZERLAND</b>				
<u>Health Care</u>				
DSM-Firmenich AG	32,100	20,052,994	17,138,535	1.94
Lonza Group AG	6,687	17,789,733	17,215,774	1.95
	38,787	37,842,727	34,354,309	3.89

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Shariah-compliant investments (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.06.2024	Percentage of NAV
	Units	RM	RM	%
<b>TAIWAN</b>				
<u>Semiconductor</u>				
Taiwan Semiconductor Manufacturing	139,000	16,492,968	19,525,685	2.21
<b>UNITED KINGDOM</b>				
<u>Health Care</u>				
Astrazeneca Plc	40,074	20,343,925	29,527,949	3.34
<b>UNITED STATES OF AMERICA</b>				
<u>Consumer Products</u>				
Lululemon Athletica Inc	13,203	19,474,838	18,604,547	2.11
Procter & Gamble Co.	36,503	19,598,634	28,399,660	3.21
Target Corporation	16,500	15,297,469	11,523,232	1.30
	66,206	54,370,941	58,527,439	6.62
<u>Healthcare</u>				
Boston Scientific Corporation	65,982	17,441,681	23,970,873	2.71
Danaher Corp	16,727	18,710,082	19,715,540	2.23
Resmed Inc.	21,591	15,783,305	19,497,159	2.21
	104,300	51,935,068	63,183,572	7.15
<u>Industrial Products</u>				
Emerson Electric Co.	23,900	9,941,851	12,420,329	1.41
Hubbell Inc.	10,000	13,622,775	17,241,493	1.95
	33,900	23,564,626	29,661,822	3.36
<u>Industrial Wholesale</u>				
Watsco Inc Com.	7,725	17,481,340	16,881,685	1.91
<u>Oilfield Services</u>				
Baker Hughes A GE	113,573	15,460,310	18,843,376	2.13
<u>Information Technology</u>				
NVIDIA Corp.	31,470	16,976,642	18,340,687	2.08

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Shariah-compliant investments (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.06.2024	Percentage of NAV
	Units	RM	RM	%
<b>UNITED STATES OF AMERICA</b>				
<b>(continued)</b>				
<u>Information Technology (continued)</u>				
Adobe Inc.	10,597	23,818,713	27,772,152	3.14
Analog Devices Inc	17,413	13,642,034	18,750,579	2.12
Manhattan Associates Ord.	14,822	7,660,515	17,248,527	1.95
Marvell Technology Inc.	50,555	13,038,785	16,670,651	1.89
Microsoft Corporation	36,866	61,033,415	77,731,352	8.80
Synopsys Inc. Company	7,157	18,221,945	20,091,068	2.27
Tetra Technologies Inc	19,300	11,254,896	18,617,416	2.11
	188,180	165,646,945	215,222,432	24.36
Total quoted Shariah-compliant investments				
	1,773,519	661,270,514	844,957,945	95.64
Accumulated unrealised gain on financial assets at fair value through profit or loss				
		183,687,431		
Total financial assets at fair value through profit or loss				
		844,957,945		

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Shariah-compliant investments (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.06.2023	Percentage of NAV
	Units	RM	RM	%
<b>AUSTRALIA</b>				
<u>Consumer Products</u>				
ARB Corporation Limited	64,781	6,076,541	5,756,319	0.86
<u>Health Care</u>				
Cochlear Limited	12,954	8,035,678	9,219,414	1.38
<u>Information Technology</u>				
Altium Limited	85,400	8,572,276	9,796,045	1.46
<u>Real Estate</u>				
Goodman Group	220,812	11,516,533	13,768,963	2.06
<b>DENMARK</b>				
<u>Industrials</u>				
DSV Panalpina A/S	12,750	12,640,164	12,495,321	1.87
<u>Health Care</u>				
Novo Nordisk A/S	17,518	8,851,526	13,171,381	1.97



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

#### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Shariah-compliant investments (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.06.2023	Percentage of NAV
	Units	RM	RM	%
<b>FRANCE</b>				
<u>Consumer Products</u>				
Kering	3,400	9,308,455	8,753,787	1.31
L'Oreal SA	10,687	14,344,348	23,243,171	3.47
	14,087	23,652,803	31,996,958	4.78
<u>Energy</u>				
TotalEnergies SE	23,400	6,159,325	6,261,791	0.94
<u>Health Care</u>				
Sanofi San	23,600	10,644,630	11,801,399	1.76
<u>Industrials</u>				
Schneider Electric SA	20,778	12,441,584	17,612,607	2.63
<b>GERMANY</b>				
<u>Materials</u>				
Linde Public Limited Company	11,434	12,559,918	20,349,576	3.04
<b>HONG KONG</b>				
<u>Real Estate</u>				
China Resources Land Limited	508,000	8,363,403	10,045,190	1.50
<b>INDIA</b>				
<u>Healthcare</u>				
Syngene International Limited	267,350	7,692,254	11,637,480	1.74
<u>Materials</u>				
Asian Paints Limited	86,118	11,777,527	16,473,545	2.46
<b>INDONESIA</b>				
<u>Consumer Products</u>				
PT Ace Hardware Indonesia Tbk	24,250,000	9,989,025	5,095,967	0.76
<u>Telecommunications &amp; Media</u>				
Telkom Indonesia Persero TBK	7,507,300	9,321,936	9,348,778	1.40

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Shariah-compliant investments (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.06.2023	Percentage of NAV
	Units	RM	RM	%
<b>IRELAND</b>				
<u>Industrials</u>				
Trane Technologies Plc	21,947	13,586,509	19,592,260	2.93
<b>JAPAN</b>				
<u>Health Care</u>				
Asahi Intecc Co. Ltd	125,300	12,054,933	11,374,287	1.70
<b>KOREA</b>				
<u>Information Technology</u>				
Samsung Electronics Co.,Ltd	3,126	16,114,309	16,633,325	2.48
<b>NETHERLANDS</b>				
<u>Consumer Products</u>				
Ferrari NV Race	11,326	10,455,513	17,273,621	2.58
<u>Information Technology</u>				
Asml Holding N.V.	7209	15,233,856	24,338,766	3.64
<b>NEW ZEALAND</b>				
<u>Industrials</u>				
Auckland International Airport Limited	425,793	8,444,402	10,384,829	1.55
<b>SINGAPORE</b>				
<u>Telecommunications &amp; Media</u>				
Singapore Telecommunications	1,088,600	9,299,814	9,386,061	1.40
<b>SOUTH AFRICA</b>				
<u>Health Care</u>				
Clicks Group	107,100	8,457,748	6,914,176	1.03
<b>SWEDEN</b>				
<u>Industrial Products</u>				
Assa Abloy Ab	78,600	8,468,521	8,796,895	1.31
Atlas Copco Aktiebolag	272,299	15,385,698	18,285,388	2.73
	350,899	23,854,219	27,082,283	4.04

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Shariah-compliant investments (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.06.2023	Percentage of NAV
	Units	RM	RM	%
<b>SWITZERLAND</b>				
<u>Health Care</u>				
DSM-Firmenich AG	18,950	14,467,320	9,516,653	1.42
Lonza Group AG	4,102	11,565,188	11,415,132	1.71
	23,052	26,032,508	20,931,785	3.13
<u>Industrial Products</u>				
Vat Group Ltd	9,023	7,540,729	17,417,465	2.60
<b>UNITED KINGDOM</b>				
<u>Health Care</u>				
Astrazeneca Plc	28,492	13,137,392	19,064,630	2.85
Dechra Pharmaceuticals Plc	79,194	15,914,759	17,321,998	2.59
	107,686	29,052,151	36,386,628	5.44
<u>Industrials</u>				
Croda International Plc	23,900	8,605,745	7,978,992	1.19
Spirax Sarco Engineering plc	13,610	10,909,234	8,371,009	1.25
	37,510	19,514,979	16,350,001	2.44
<b>UNITED STATES OF AMERICA</b>				
<u>Consumer Products</u>				
Lululemon Athletica Inc	10,700	15,218,524	18,903,182	2.82
Procter & Gamble Co.	35,677	18,670,385	25,268,162	3.77
Target Corporation	16,500	15,297,469	10,158,135	1.52
	62,877	49,186,378	54,329,479	8.11
<u>Healthcare</u>				
Boston Scientific Corporation	40,300	9,431,741	10,174,364	1.51
Danaher Corp	10,143	13,020,678	11,362,213	1.70
Johnson & Johnson Com	21,800	16,295,495	16,841,944	2.51
Medtronic Public Limited Company	27,800	12,160,353	11,431,572	1.71
Merck & Co Inc	18,273	8,456,792	9,841,545	1.47
Pfizer Inc.	64,827	10,622,320	11,098,659	1.66
Resmed Inc.	11,590	7,590,620	11,820,072	1.77
	194,733	77,577,999	82,570,369	12.33

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Quoted Shariah-compliant investments (continued)

Name of counter	Quantity	Aggregate cost	Fair value as at 30.06.2023	Percentage of NAV
	Units	RM	RM	%
<b>UNITED STATES OF AMERIC (continued)</b>				
<u>Information Technology</u>				
Adobe Inc.	7,790	15,840,214	17,779,629	2.66
Analog Devices Inc	17,413	13,642,034	15,833,251	2.36
Manhattan Associates Ord.	16,813	8,689,532	15,685,552	2.34
Microsoft Corporation	5,300	5,817,916	8,424,211	1.26
Tetra Technologies Inc	19,300	11,254,896	14,750,181	2.20
	66,616	55,244,592	72,472,824	10.82
<u>Real Estate</u>				
Prologis Inc	16,300	8,950,250	9,329,741	1.39
Total quoted Shariah-compliant investments	35,785,379	558,896,012	657,598,634	98.22
Accumulated unrealised gain on financial assets at fair value through profit or loss		98,702,622		
Total financial assets at fair value through profit or loss		657,598,634		

### 8. CASH AND CASH EQUIVALENTS

	2024	2023
	RM	RM
Bank balances	34,983,777	10,003,349

### 9. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant, and comprises the following:

- (i) Equity securities in foreign markets which have been classified as Shariah-compliant either by the Shariah Supervisory Board of Morgan Stanley Capital International All County World Islamic (Shariah) Index ("MSCI ACWI Islamic (Shariah) Index") and duly verified by the Shariah Adviser and/or those securities which have been reviewed and classified as Shariah-compliant by the Shariah Adviser; and
- (ii) Liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 10. NUMBER OF UNITS IN CIRCULATION

Number of units in circulation is represented by:

	Note	2024 No. of units	2023 No. of units
Class A - MYR	(a)	1,279,161,546	275,770,360
Class A - USD	(b)	-	-
Class A - SGD	(c)	-	-
Class A - AUD	(d)	-	-
Class I - MYR	(e)	-	-
		<u>1,279,161,546</u>	<u>275,770,360</u>

(a) Class A - MYR

	2024 No. of units	2023 No. of units
At the beginning of the financial year	275,770,360	276,996,260
Add: Creation of units arising from applications during the financial year	1,393,691,002	56,976,841
Less: Cancellation of units during the financial year	(390,299,817)	(58,202,741)
At the end of the financial year	<u>1,279,161,546</u>	<u>275,770,360</u>

(b) Class A - USD

	2024 No. of units	2023 No. of units
At the beginning of the financial year	-	-
Add: Creation of units arising from applications during the financial year	-	-
Less: Cancellation of units during the financial year	-	-
At the end of the financial year	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 10. NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(c) Class A - SGD

	2024	2023
	No. of units	No. of units
At the beginning of the financial year	-	-
Add: Creation of units arising from applications during the financial year	-	-
Less: Cancellation of units during the financial year	-	-
At the end of the financial year	-	-

(d) Class A - AUD

	2024	2023
	No. of units	No. of units
At the beginning of the financial year	-	-
Add: Creation of units arising from applications during the financial year	-	-
Less: Cancellation of units during the financial year	-	-
At the end of the financial year	-	-

(e) Class I - MYR

	2024	2023
	No. of units	No. of units
At the beginning of the financial year	-	-
Add: Creation of units arising from applications during the financial year	-	-
Less: Cancellation of units during the financial year	-	-
At the end of the financial year	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 11. TRANSACTIONS WITH BROKERS

Details of transactions with the top 10 brokers for the financial year ended 30 June 2024 are as follows:

Name of broker	Value of trades	Percentage of total trades	Brokerage fees	Percentage of of total
				brokerage fees
	RM	%	RM	%
Goldman Sachs Lon	99,586,351	15.88	57,615	17.87
Citibank N.A	89,462,255	14.27	39,518	12.25
Nordea Bank Finland Plc, Nyc	64,369,887	10.26	38,095	11.81
Barclays Bank Dub	40,974,857	6.53	20,295	6.29
Canaccord Genuity Sdy	34,839,994	5.56	17,420	5.40
Merrill Lynch Lon	30,079,210	4.80	12,020	3.73
State Street Global Markets, LLC US	24,952,593	3.98	7,486	2.32
Raymond James & Associates Inc Lon	22,433,156	3.58	11,217	3.48
Stifel Nicolaus NYC	20,957,740	3.34	10,479	3.25
RBC Dexia Investor Services	19,056,300	3.04	8,708	2.70
Others	180,415,956	28.76	99,626	30.90
	627,128,299	100.00	322,479	100.00

Details of transactions with the top 10 brokers for the financial year ended 30 June 2023 are as follows:

Name of broker	Value of trades	Percentage of total trades	Brokerage fees	Percentage of of total
				brokerage fees
	RM	%	RM	%
Nordea Bank Finland Plc, Nyc	33,259,850	13.34	19,060	14.10
Barclays Bank Dub	23,712,322	9.51	16,599	12.28
Mkm Partners Ny	17,833,540	7.15	8,917	6.60
Exane Eur	17,232,069	6.91	12,062	8.92
William Blair And Co Nyc	15,054,689	6.04	7,527	5.57
Jp Morgan Secs Nyc	14,991,970	6.01	9,185	6.79
Goldman Sachs Lon	13,185,474	5.29	10,292	7.61
Cfs Ca Syd	11,769,252	4.72	3,733	2.76
Macquarie Securities (Australia) Ltd	10,395,891	4.18	2,079	1.54
Cantor Fitzgerald Lon	9,513,417	3.82	4,757	3.52
Others	82,319,395	33.03	40,973	30.31
	249,267,869	100.00	135,184	100.00

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 12. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties of and their relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
abrdn Islamic Malaysia Sdn. Bhd.	The Manager
abrdn Malaysia Sdn Bhd	Intermediate holding company of the Manager
Abrdn Plc ("abrdn")	Intermediate holding company of the Manager
abrdn Asia Limited	Related company of the Manager
Subsidiaries and associates of abrdn Group as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager

#### Units held by the Manager and parties related to the Manager.

There were no units held by the Manager and parties related to the Manager as at the end of the financial year.

#### Significant related party transactions and balances

In addition to related party disclosure mentioned elsewhere in the financial statements, there were no other significant related party transactions and balances.

### 13. TOTAL EXPENSE RATIO ("TER")

	2024	2023
	%	%
TER (%)	1.83	1.82

TER is derived from the following calculation:

TER	=	$\frac{(A + B + C + D + E) \times 100}{F}$
A	=	Management fee
B	=	Trustee's fees
C	=	Auditor's remuneration
D	=	Tax agent's fee
E	=	Other expenses
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM 747,071,075(2023: RM 591,765,417).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

### 14. PORTFOLIO TURNOVER RATIO ("PTR")

	2024	2023
	RM	RM
PTR (times)	0.43	0.26

PTR is derived from the following calculation:

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

Where: Total acquisition for the financial year = RM 361,762,345 (2023: RM 146,850,915)  
Total disposal for the financial year = RM 286,879,291 (2023: RM 156,507,217)

### 15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 27 August 2024.

## TRUSTEE'S REPORT

### TO THE UNITHOLDERS OF ABRDN ISLAMIC WORLD EQUITY FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 June 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **abrdn Islamic Malaysia Sdn. Bhd.** has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For and on behalf of  
**CIMB Islamic Trustee Berhad**

**Datin Ezreen Eliza binti Zulkiplee**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
27 August 2024

## SHARIAH ADVISER'S REPORT

### TO THE UNITHOLDERS OF ABRDN ISLAMIC WORLD EQUITY FUND

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, abrdn Islamic Malaysia Sdn. Bhd. has operated and managed the Fund during the period covered by these financial statements in accordance with the Shariah principles and requirements and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The asset of the Fund comprises of instruments that have been classified as Shariah compliant except for **Asahi Intecc Co Ltd, Lululemon Athletica Inc, Target Corporation, DSV and Spirax-Sarco Engineering Plc.**, which have been reclassified as Shariah non-compliant. DSV and Spirax-Sarco Engineering Plc. have been disposed on 13th July 2023 and 21st November 2023 respectively while the other reclassified Shariah non-compliant instruments shall be disposed in accordance with the Fund's Shariah investment guidelines as provided in the Fund's deed and disclosure in the Fund's prospectus.

For **Amanie Advisors Sdn Bhd**

**Tan Sri Dr Mohd Daud Bakar**  
Executive Chairman

Kuala Lumpur, Malaysia  
27 August 2024

## **INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF ABRDN ISLAMIC WORLD EQUITY FUND**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

In our opinion, the financial statements of abrdn Islamic Malaysia Sdn. Bhd. give a true and fair view of the financial position of the Fund as at 30 June 2024, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 June 2024, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 2 to 49.

#### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and other ethical responsibilities*

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Information other than the financial statements and auditors' report thereon.

The Manager of the Fund is responsible for the other information. The other information comprises 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.

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.

## **INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF ABRDN ISLAMIC WORLD EQUITY FUND (CONTINUED)**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

The Manager of the Fund is responsible for the preparation of the 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 has no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

## **INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF ABRDN ISLAMIC WORLD EQUITY FUND (CONTINUED)**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **OTHER MATTERS**

This report is made solely to the unitholders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
27 August 2024

## DISTRIBUTORS

### **CIMB BANK BERHAD**

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No.11, Jalan Raja Laut,  
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### STANDARD CHARTERED SAADIQ BERHAD

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### KENWEALTH BY KENANGA

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### GREAT EASTERN TAKAFUL

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50450 Kuala Lumpur  
WEBSITE : <https://www.greateastertakaful.com/>

### FWD TAKAFUL

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No. 211 Jalan Tun Sambanthan,  
50470 Kuala Lumpur, Malaysia.  
WEBSITE : [www.fwd.com.my](http://www.fwd.com.my)



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For the latest list of our distributors, please refer to our website at  
<https://www.abrdn.com/en-my/investor>

## DISCLAIMER

Investors should read and understand the master prospectus dated 25 April 2022 in respect of abrdn Islamic World Equity Fund (collectively, “Master Prospectus”) as well as the Product Highlights Sheet in respect of AIWEF which can be obtained at our office or from any of our approved distributors, or seek relevant professional investment advice, before making any investment decision. A copy of the Master Prospectus has been registered with the Securities Commission of Malaysia (“the SC”). Investors should consider the fees and charges involved before investing. Investments in the unit trusts are not deposits in, obligations of, or guaranteed or insured by abrdn Islamic Malaysia Sdn. Bhd. (the “Manager”), and are subject to investment risks, including the possible loss of the principal amount invested. Unit values and income therefrom may fall or rise. Past performance is not indicative of future performance. Units will only be issued on receipt of the application form referred to in and accompanying the Master Prospectus, subject to the terms and conditions therein. Investors are advised to read and understand the contents of the unit trust loan financing risk statement before deciding to borrow/seek financing facility to purchase units.

The information herein shall not be disclosed, used or disseminated, in whole or part, and shall not be reproduced, copied or made available to others. The Manager reserves the right to make changes and corrections to the information, including any opinions or forecasts expressed herein at any time, without notice.

The registration of the Master Prospectus dated 25 April 2022 with the SC does not indicate that the SC recommended or endorsed the product and service. This document has not been reviewed by the SC.

**abrdn Islamic Malaysia Sdn. Bhd.**  
**Registration Number: 200801026015 (827342-W)**