

PHILLIP MASTER ISLAMIC CASH FUND

AUDITED
ANNUAL REPORT

FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2021

Manager:
PHILLIP MUTUAL BERHAD
(200201002746)(570409-K)

Trustee:
RHB TRUSTEES BERHAD
(200201005356)(573019-U)

CONTENTS

Fund Information	2
Fund Performance	3 - 4
Manager's Report	5
Performance Review	5
Volatility Of The Fund	5
Income Distribution	6
Market Review	6 - 7
Market Outlook	7
Investment Outlook	7
Strategy Going Forward	7
Asset Allocation Of The Fund	8
Significant Changes In The State Of Affairs Of The Fund	8
Disclosure Of Circumstances That Materially Affect Interest Of Unitholders	8
Soft Commissions Received From Brokers	8
Report Of The Trustee	9
Shariah Adviser's Report	10
Statement By The Manager	11
Independent Auditors' Report	12 - 14
Statement Of Financial Position	15
Statement Of Comprehensive Income	16
Statement Of Changes In Net Asset Value	17
Statement Of Cash Flows	18
Notes To The Financial Statements	19 - 32
Corporate Information	33 - 34

FUND INFORMATION

As At 31 December 2021

Name Of Fund	:	Phillip Master Islamic Cash Fund
Manager Of Fund	:	Phillip Mutual Berhad 200201002746 (570409-K)
Investment Manager	:	Phillip Capital Management Sdn Bhd 199501004372 (333567-D)
Launch Date	:	26 March 2018
Category Of Fund	:	Islamic Money Market
Type Of Fund	:	Income (Shariah)
Investment Objective	:	The Fund aims to provide investors with returns higher than Ringgit Malaysia savings deposits while maintaining principal value and a high degree of liquidity by investing in Shariah-compliant instruments.
Performance Benchmark	:	Maybank's 1-Month General Investment Account (GIA) Rate (Tier 1-Month Rate).
Distribution Policy:	:	To distribute income on a monthly basis whenever possible.
Fund Size	:	477.60 million units

Breakdown Of Unitholdings

Units	No. of Unit Holders	%	Unit holdings	%
5,000 & below	5,953	92.55	953,502	0.20
5,001 to 10,000	116	1.80	820,284	0.17
10,001 to 50,000	162	2.52	3,314,515	0.69
50,001 to 500,000	122	1.90	23,691,961	4.96
500,001 & 1,000,000	28	0.44	20,055,932	4.20
1,000,001 & above	51	0.79	428,760,843	89.78
Total	6,432	100.00	477,597,037	100.00

FUND PERFORMANCE

For the financial year ended 31 December 2021

	2021	2020	2019
Net Asset Value (RM)	477,597,037	540,589,365	369,326,171
Units in Circulation (units)	477,597,037	540,589,365	369,326,171
Net Asset Value per unit (RM)	1.0000	1.0000	1.0000
Ex-Distribution (RM)	1.0000	1.0000	1.0000
Highest NAV per unit (RM)	1.0000	1.0000	1.0000
Lowest NAV per unit (RM)	1.0000	1.0000	1.0000
Total Return			
- income distribution (RM)	4,420,453	10,821,282	10,688,070
Gross Distribution			
Interim Distribution			
- 31 January	1.77%	3.02%	3.72%
- 28 February (2020: 29 February)	1.73%	2.85%	3.72%
- 31 March	1.70%	2.60%	3.73%
- 30 April	1.70%	2.60%	3.73%
- 31 May	1.67%	2.40%	3.60%
- 30 June	1.64%	2.40%	3.50%
- 31 July	1.68%	2.30%	3.48%
- 31 August	1.70%	2.05%	3.43%
- 30 September	1.70%	1.90%	3.35%
- 31 October	1.66%	1.90%	3.22%
- 30 November	1.58%	1.82%	3.19%
Final Distribution			
- 31 December	1.63%	1.80%	3.12%
Net Distribution			
Interim Distribution			
- 31 January	1.77%	3.02%	3.72%
- 28 February (2020: 29 February)	1.73%	2.85%	3.72%
- 31 March	1.70%	2.60%	3.73%
- 30 April	1.70%	2.60%	3.73%
- 31 May	1.67%	2.40%	3.60%
- 30 June	1.64%	2.40%	3.50%
- 31 July	1.68%	2.30%	3.48%
- 31 August	1.70%	2.05%	3.43%
- 30 September	1.70%	1.90%	3.35%
- 31 October	1.66%	1.90%	3.22%
- 30 November	1.58%	1.82%	3.19%
Final Distribution			
- 31 December	1.63%	1.80%	3.12%

	2021	2020	2019
Portfolio Composition			
- Shariah-Deposits with Financial Institutions	99.99%	100.00%	100.00
- Cash	0.01%	-	-
Management Expense Ratio	0.23%	0.28%	0.17%
Portfolio Turnover Ratio	66.55 times	54.67 times	43.33 times

AVERAGE TOTAL RETURNS (in %)

Average Total Return is based on NAV to NAV with distribution reinvested. Below are annualised average total returns of the Fund as of 31 December 2021 for 1 year and since inception.

1 Year (01/01/2021-31/12/2021)	3 Year (01/01/2019-31/12/2021)	Since Inception (26/03/2018-31/12/2021)
1.68%	2.49%	2.75%

(Source: Financial Statements audited by Deloitte PLT for 26 March 2018 (date of launch) to 31 December 2021)

ANNUAL TOTAL RETURNS (in %)

Annual Total Return is based on NAV to NAV with distribution reinvested. Below are Annual Total Return of the Fund for each of the financial year since inception.

Since Inception 26/03/2018- 31/12/2018	01/01/2019- 31/12/2019	01/01/2020- 31/12/2020	01/01/2021- 31/12/2021
3.69%	3.48%	2.30%	1.68%

(Source: Financial Statements audited by Deloitte PLT for 26 March 2018 (date of launch) to 31 December 2021)

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

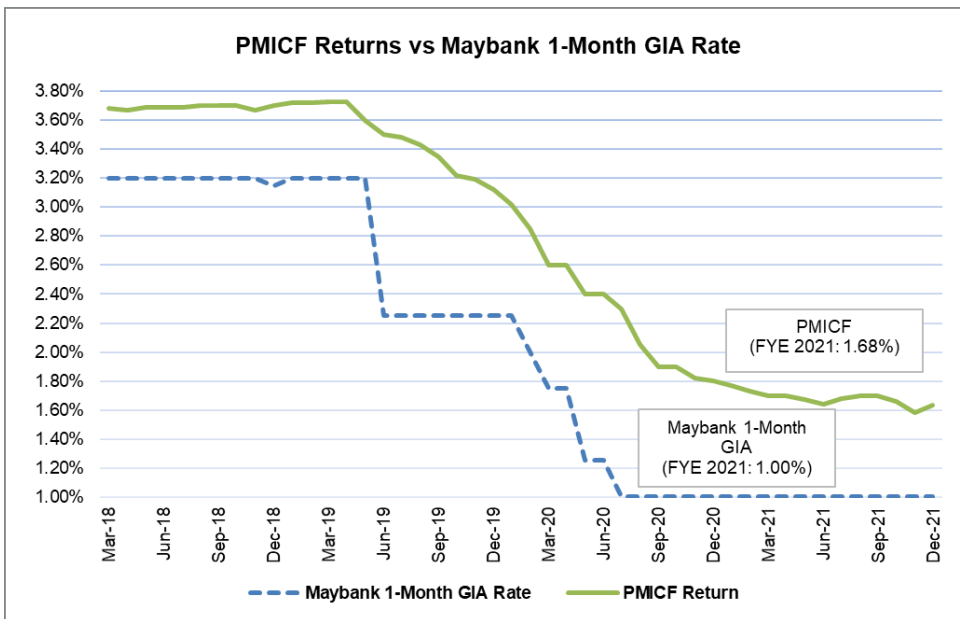
MANAGER’S REPORT

31 December 2021

Performance Review

For the purpose of benchmark comparison, we have used Maybank’s 1-Month GIA Rate as both provide similar liquidity.

Performance of PMICF vs. Maybank’s 1-Month GIA Rate since the Fund’s inception:



Source: Maybank2u Website

Since inception, the Fund has distributed dividend on a monthly basis. During the period under review, the average Fund’s return was better than the returns offered by Maybank’s 1-Month GIA Rate. Beneath is the comparison table.

PMICF vs Maybank 1-Month GIA Rate

PMICF * (% p.a.)	Maybank ** (% p.a.)	Difference (%p.a.)
1.68	1.00	0.68

Source: * PMICF average monthly distribution rate for the financial year ended 31 December 2021

** Maybank2u website (average return rate for the financial year ended 31 December 2021)

During the period under review, the average monthly return of the Fund was at 1.68% p.a. The Fund has out-performed the benchmark as illustrated in the comparison table above. As such, the Fund has achieved its objective to provide regular income to investors higher than the performance benchmark while maintaining the principal value and high degree of liquidity.

VOLATILITY OF THE FUND

The volatility of the Fund is negligible. The Net Asset Value (NAV) of the Fund traded at RM1.00 per unit during the period under review.

INCOME DISTRIBUTION AND UNIT SPLIT

For the period under review, the income distributions were as follows:

1.77% p.a. for the period from 01.01.2021 to 31.01.2021
 1.73% p.a. for the period from 01.02.2021 to 28.02.2021
 1.70% p.a. for the period from 01.03.2021 to 31.03.2021
 1.70% p.a. for the period from 01.04.2021 to 30.04.2021
 1.67% p.a. for the period from 01.05.2021 to 31.05.2021
 1.64% p.a. for the period from 01.06.2021 to 30.06.2021
 1.68% p.a. for the period from 01.07.2021 to 31.07.2021
 1.70% p.a. for the period from 01.08.2021 to 31.08.2021
 1.70% p.a. for the period from 01.09.2021 to 30.09.2021
 1.66% p.a. for the period from 01.10.2021 to 31.10.2021
 1.58% p.a. for the period from 01.11.2021 to 30.11.2021
 1.63% p.a. for the period from 01.12.2021 to 31.12.2021

The NAV per unit before and after distribution remains at RM1.00. No unit split was made by the Fund during the period under review.

MARKET REVIEW

Malaysia's GDP in the third quarter has decreased 4.5% in 2021 while the quarter-on-quarter seasonally adjusted GDP contracted 3.6% (Q2 2021: -1.9%). Approaching year-end, Malaysia's economy grew 3.0%. This was largely attributable to the strict containment measures particularly in July 2021, under Phase 1 of the National Recovery Plan (NRP). Economic activity subsequently picked up as more states transitioned into Phase 2 with less restrictive containment measures. Many countries globally have seen inflationary pressures rising since the start of 2021, as base effects, higher commodity prices and supply-chain challenges create localized shortages. The rising consumer price inflation is a key risk to consumer spending over 2022, as it has the potential to erode purchasing power. Malaysia's annual inflation rate was at 3.2% in December 2021, due to the rise in food and fuel prices. For full 2021, the annual inflation rate went up 2.5%, compared with a 1.2% drop in 2020. Fitch Solution's believe that the rate will remain elevated over 2022, forecast to end the year at 3.0% y-o-y.

Whereas the core inflation measures changes in the prices of all goods and services excluding volatile items of fresh food as well as goods controlled by the government were registered an increase of 1.1% in December 2021 as compared to the same month of the previous year. The high increase was recorded by the Furnishings, Household Equipment & Routine Household Maintenance group with 2.7%. In addition, the Food & Non-Alcoholic Beverages group also recorded an increase of 2.1% followed by Transport, 1.9%; Restaurants & Hotels, 1.3% and Housing, Water, Electricity, Gas & Other Fuels, 0.9%. The performance of the Leading Index (LI) surpassed 100.0 points and moved upwards in November 2021, signaling that Malaysia is staging a better economic recovery in the upcoming months. In November 2021, LI registered at 111.3 points (November 2020: 109.4 points) as the economy gradually recovered from disruptions caused by the Covid-19 pandemic. This corresponds to the growth of LI 1.7% y-o-y mainly contributed by the increment in the Number of Housing Units Approved. The Coincident Index (CI) which measures the overall current economic performance has been picking up since August 2021, reflecting an increase in economic activities as containment measures are progressively relaxed. The CI continued to climb by 3.0% y-o-y to attain 114.3 points in November 2021.

The unemployed person in November 2021 reduced to below 694 thousand persons compared to 764 thousand persons in November 2020. The unemployment rate for the month was 4.3% unchanged from October 2021. By comparing with the same month of the previous year, the unemployment rate dropped by 0.5% (November 2020: 4.8%) while the unemployed persons fell by 9.2% or equivalent to 70 thousand persons (November 2020: 764.4 thousand persons). Government has launched few

initiatives through the Wage Subsidy Programme (PSU) under the PRIHATIN Packages. Through PSU 1.0 a total of 322 thousands employers and 2.64 million registered employees benefitted with an approved value of RM 12.9 billion. In addition, through PSU 2.0 under the Kita PRIHATIN Packages, a total of RM 1.4 billion has been distributed to 81.0 thousand employers and 715.9 thousand employees. As for PSU 3.0, RM 3.5 billion was channeled to retain a total of 1.5 million employees while under PSU 4.0, a total of RM 1.9 billion was channeled to 139.7 thousand employers to continue operating and retained 1.7 million employees.

Meanwhile, as reported by Bank Negara Malaysia (BNM) in end-November 2021, global investor sentiments were driven mainly by the emergence of a new variant of concern, Omicron, which largely outweighed concerns surrounding persistent inflationary pressures in advanced economies. Consequently, global bond yields, including the benchmark 10-year Malaysian Government Securities (MGS) yield fell concurrently with the decrease in long-term US Treasury yields. The FBM KLCI declined by 3.1% and the ringgit depreciated by 2.0% against the US dollar, in line with most regional currencies. Weaker commodity prices amid worries surrounding the new variant had also affected the ringgit exchange rate. As expected, BNM has maintained the Overnight Policy Rate (OPR) at 1.75% in the last Monetary Policy Committee (MPC) meeting of 2021 that was held in November 2021 citing that the stance of monetary policy to be appropriate and accommodative. In addition, fiscal and financial measures will continue to cushion the economic impact on businesses and households and provide support to economic activity. Given the uncertainties surrounding the pandemic, the stance of monetary policy will continue to be determined by new data and information and their implications on the overall outlook for inflation and domestic growth. The central bank has maintained the OPR at 1.75% throughout the year of 2021. MGS ended 2021 on a good note, with 3-year, 5-year, 7-year and 10-year MGS yields closing at 2.81%, 3.14%, 3.40% and 3.58% respectively

MARKET OUTLOOK

Domestic growth is expected to remain on track in meeting the 5.5% to 6.5% gross domestic product (GDP) targets in 2022. According to the central bank, the growth is expected to gain further momentum which driven by expansion of global demand and higher private sector expenditure amid improvements in the labour market and continued policy support. On another note, Bank Negara Malaysia (BNM) is expected to hike its overnight policy rate (OPR) by 50 basis points (bps) to 2.25% in 2022 to rebuild policy buffers and maintain ringgit stability.

INVESTMENT OUTLOOK

The Fund will stay invested in short-term money market instruments with maturity not exceeding 365 days (1-year), in line with the Fund's mandate. To optimise profits for the Fund, we will actively manage the Fund by extending the placements into longer tenure placements.

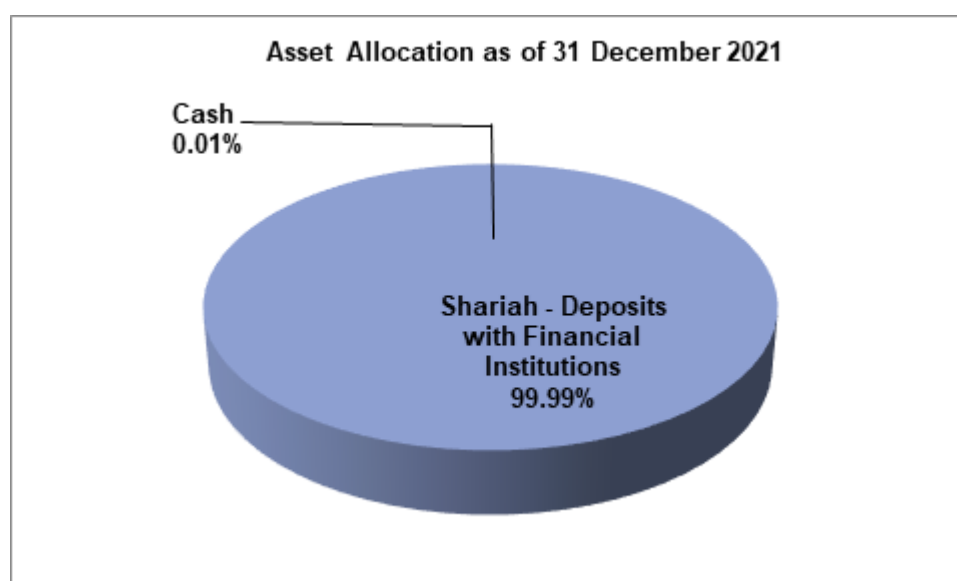
STRATEGY GOING FORWARD

As of the end of the reporting period, the Fund had the following exposures:

- 99.99% in short-term deposits with maturity of not more than 1-year; and
- 0.01% in Cash & Other Liquid Assets

The Fund will stay invested in short-term money market instruments with maturity not exceeding 365 days (1-year), in line with the Fund's mandate. We are expecting the overnight policy rate (OPR) would likely continue to stay at a record-low of 1.75% before a 25-basis point (bps) hike to 2.00% in the third quarter (Q3) of the year. Hence, we will continue to place the Fund at least six to nine-month to earn higher profit. However, for risk management measures, the Fund will allocate a portion to short-term deposits of 1-month or less to meet regular redemptions by Unit Holders and avoid liquidity risks.

ASSET ALLOCATION OF THE FUND



The asset allocation of the Fund is as follows:

Comparative table covering last 3 financial years for asset allocation

Sector	December 2021 %	December 2020 %	December 2019 %
Shariah – Deposits With Financial Institutions	99.99	100.00	100.00
Cash	0.01	0.00	0.00
Total	100.00	100.00	100.00

The Fund will continue to stay investing in short-term Shariah money market instruments with maturity not exceeding 365 days (1-year), in line with the Fund’s mandate. The portfolio is now composed of 100% liquid instruments to meet regular redemptions and to avoid liquidity risk.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS OF THE FUND

For the period under review, there were no significant changes in the state of affairs of the Fund not otherwise disclosed in the financial statements.

DISCLOSURE OF CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF THE UNIT HOLDERS

Pursuant to the unitholders’ meeting of the Fund held on 21 December 2021, resolution was passed where distribution policy of the Fund shall be amended to not expected to distribute income and, income distribution (if any) is incidental.

SOFT COMMISSION RECEIVED FROM BROKERS

During the period under review, the Fund neither received soft commission nor rebates from any brokers by virtue of transaction conducted by the Fund.

TRUSTEE'S REPORT

For the financial year ended 31 December 2021

**To the Unit Holders of
Phillip Master Islamic Cash Fund**

We have acted as Trustee of Phillip Master Islamic Cash Fund ("the Fund") for the financial year ended 31 December 2021. To the best of our knowledge, Phillip Mutual Berhad ("the Manager"), has operated and managed the Fund in accordance with the following:

- a) limitations imposed on the investment powers of the Manager and the Trustee under the Deed, the Securities Commission Malaysia Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b) valuation/pricing of units of the Fund has been carried out in accordance with the Deed and any regulatory requirements;
- c) creation and cancellation of units are carried out in accordance with the Deed and relevant regulatory requirements;
- d) the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For and on behalf of
RHB TRUSTEES BERHAD
[Company No.:200201005356 (573019-U)]

MOHD SOFIAN BIN KAMARUDDIN
Vice President

LAI SWEE LAN
Assistant Vice President

Kuala Lumpur, Malaysia
25 February 2022

SHARIAH ADVISER'S REPORT

For the financial year ended 31 December 2021

To the Unit Holders of
Phillip Master Islamic Cash Fund

We hereby confirm the following:

1. We have acted as the Shariah Adviser of **Phillip Master Islamic Cash Fund** ("the Fund"). Our responsibility is to ensure that the procedures and process employed by Phillip Mutual Berhad and that the provisions of the Deed dated 19 December 2017 are in accordance with Shariah principles.
2. In our opinion, Phillip Mutual Berhad has managed and administered the Fund in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the **Securities Commission Malaysia** ("SC") pertaining to Shariah matters for the financial year ended 31 December 2021. We also confirm that the investment portfolio of the Fund comprises of securities which have been classified as Shariah-compliant by the **Shariah Advisory Council** ("SAC") of the SC. For securities not certified by the SAC of the SC, we have determined that such securities are in accordance with Shariah principles and have complied with the applicable Shariah guideline.

For **Amanie Advisors Sdn Bhd (Registration No: 200501007003) (684050-H)**

Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur, Malaysia
25 February 2022

STATEMENT BY THE MANAGER

We, **Andy Lim Say Kiat** and **Datin Hajjah Nona Binti Salleh**, being two of the Directors of **Phillip Mutual Berhad** do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 15 to 32 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the relevant Securities Commission Malaysia guidelines so as to give a true and fair view of the financial position of **Phillip Master Islamic Cash Fund** as of 31 December 2021 and of its financial performance, changes in equity and cash flows for the financial year then ended.

For and on behalf of the Manager

Phillip Mutual Berhad (Registration No: 200201002746)(570409-K)

ANDY LIM SAY KIAT
Chief Executive Officer/ Managing Director

DATIN HAJJAH NONA BINTI SALLEH
Chairperson

Kuala Lumpur, Malaysia
25 February 2022

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF PHILLIP MASTER ISLAMIC CASH FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Phillip Master Islamic Cash Fund** ("the Fund"), which comprise the statement of financial position of the Fund as of 31 December 2021 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 15 to 32.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as of 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

The Manager of the Fund is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements of the Fund and our auditors' report thereon.

(Forward)

Our opinion on the financial statements of the Fund does not cover the Fund Manager's Report 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 Fund Manager's Report and, in doing so, consider whether the Fund Manager's Report 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 the Fund Manager's Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the relevant Securities Commission Malaysia guidelines. 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.

The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

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:

- 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.

(Forward)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements 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 Matter

This report is made solely to the unitholders of the Fund, as a body, in accordance with the relevant Securities Commission Malaysia guidelines and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

KOK PEI LOO
Partner - 03524/08/2022 J
Chartered Accountant

25 February 2022

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	2021 RM	2020 RM
Assets			
Shariah-based deposits with licensed financial institutions	3	477,526,623	537,677,693
Profit income receivables		173,147	3,933,560
Cash at bank		<u>25,766</u>	<u>10,183</u>
Total assets		<u>477,725,536</u>	<u>541,621,436</u>
Liabilities			
Amount due to Manager		18,914	111,368
Amount due to Trustee		920	4,864
Distribution payables		74,795	879,746
Other payables	4	<u>33,870</u>	<u>36,093</u>
Total liabilities		<u>128,499</u>	<u>1,032,071</u>
Total equity/Net asset value (“NAV”) attributable to Unit Holders	5	<u>477,597,037</u>	<u>540,589,365</u>
Total equity and liabilities		<u>477,725,536</u>	<u>541,621,436</u>
Number of units in circulation	5(a)	<u>477,597,037</u>	<u>540,589,365</u>
NAV per unit (ex-distribution)		<u>1.0000</u>	<u>1.0000</u>

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

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2021

	Note	2021 RM	2020 RM
Income			
Profit from Shariah-based deposits with licensed financial institutions		5,021,518	12,189,369
Expenses			
Manager's fee	6	544,369	1,286,012
Trustee's fee	7	26,013	48,288
Auditors' remuneration		8,000	8,000
Tax agent's fee		3,800	3,800
Shariah adviser's fee		8,000	8,000
Administration fees and expenses		<u>10,883</u>	<u>13,987</u>
		<u>601,065</u>	<u>1,368,087</u>
Net income before tax		4,420,453	10,821,282
Income tax expense	8	<u>-</u>	<u>-</u>
Net income after tax, representing total comprehensive income for the year		<u>4,420,453</u>	<u>10,821,282</u>
Net income after tax is made up of the following:			
Net realised income		<u>4,420,453</u>	<u>10,821,282</u>
Distributions for the year			
Gross/Net distribution (RM)	9	<u>4,420,453</u>	<u>10,821,282</u>
Gross/Net distribution per unit (cents)	9	<u>0.0168</u>	<u>0.0231</u>

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

STATEMENT OF CHANGES IN NET ASSET VALUE
For the financial year ended 31 December 2021

	Note	Unit Holders' capital RM	Retained earnings RM	Total equity RM
As of 1 January 2021		540,589,365	-	540,589,365
Total comprehensive income for the year		-	4,420,453	4,420,453
Creation of units	5	850,094,519	-	850,094,519
Reinvestment of units	5	4,053,159	-	4,053,159
Cancellation of units	5	(917,140,006)	-	(917,140,006)
Distributions	9	-	(4,420,453)	(4,420,453)
As of 31 December 2021		477,597,037	-	477,597,037
As of 1 January 2020		369,326,171	-	369,326,171
Total comprehensive income for the year		-	10,821,282	10,821,282
Creation of units	5	1,047,687,546	-	1,047,687,546
Reinvestment of units	5	10,173,911	-	10,173,911
Cancellation of units	5	(886,598,263)	-	(886,598,263)
Distributions	9	-	(10,821,282)	(10,821,282)
As of 31 December 2020		540,589,365	-	540,589,365

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

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	2021	2020
	RM	RM
Cash flows from/(used in) operating and investing Activities		
Placements of Shariah-based deposits with licensed financial institutions, net of withdrawals	60,151,070	(170,199,164)
Profit received from Shariah-based deposits	8,781,931	11,306,978
Manager's fee paid	(636,823)	(1,245,800)
Trustee's fee paid	(29,957)	(46,960)
Payment of other fees and expenses	(32,905)	(32,454)
Net cash from/(used in) operating and investing activities	<u>68,233,316</u>	<u>(160,217,400)</u>
Cash flows from/(used in) financing activities		
Proceeds from creation of units	850,094,519	1,047,687,546
Payments for cancellation of units	(917,140,006)	(886,598,263)
Payments for income distribution	(1,172,246)	(872,862)
Net cash (used in)/from financing activities	<u>(68,217,733)</u>	<u>160,216,421</u>
Net increase/(decrease) in cash and cash equivalents	15,583	(979)
Cash and cash equivalents at beginning of the year	<u>10,183</u>	<u>11,162</u>
Cash and cash equivalents at end of the year	<u>25,766</u>	<u>10,183</u>
Cash and cash equivalents comprise:		
Cash at bank	<u>25,766</u>	<u>10,183</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021**1. The Fund, the Manager and their principal activities**

Phillip Master Islamic Cash Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Trust Deed dated 19 December 2017 between Phillip Mutual Berhad as the Manager and RHB Trustees Berhad as the Trustee. The Fund was launched and commenced operations on 26 March 2018.

The principal activities of the Fund aims to provide investors with returns higher than Ringgit Malaysia savings deposits while maintaining principal value and a high degree of liquidity by investing in Shariah-compliant instruments including Islamic money market instruments, placements in Islamic Deposits, and any other form of investments as permitted in the Deed.

The Manager, Phillip Mutual Berhad, is a company incorporated in Malaysia. Phillip Mutual Berhad is licensed by the Securities Commission Malaysia to carry on the regulated activities of dealing in securities restricted to unit trust schemes and dealing in private retirement schemes under the Capital Markets and Services Act 2007 and is a registered Institutional Unit Trust Adviser with the Federation of Investment Managers Malaysia that authorised to market and distribute unit trust schemes of another party. The Company is engaged in the business of establishing and managing unit trust schemes, and marketing and distributing unit trust schemes of another party.

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

2. Summary of significant accounting policies**2.1. Basis of preparation**

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) as issued by the Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards and the relevant Securities Commission Malaysia guidelines.

The financial statements of the Fund have been prepared under the historical cost convention, unless otherwise stated in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.2. Changes in accounting policies

Adoption of Amendments to MFRSs

The accounting policies adopted are consistent with those of the previous financial year except for the Amendments to MFRSs issued by the MASB that are relevant to the Fund's operation and effective for annual periods beginning on or after 1 January 2021, as follows:

Amendments to MFRS 9, MFRS 139, Interest Rate Benchmark Reform – Phase 2
MFRS 7, MFRS 4 and MFRS 16

The adoption of the Amendments to MFRSs did not have any impact on the financial statements of the Fund.

Amendments to MFRSs in issue but not yet effective

As of the date of authorisation of these financial statements, the Amendments to MFRSs that are relevant to the Fund's operation which were in issue but not yet effective and not early adopted by the Fund are as listed below:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020 Cycle	1 January 2022
Amendments to MFRS 101: <i>Classification of Liabilities as Current and Non-current</i>	1 January 2023
Amendments to MFS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFS 108: <i>Definition of Accounting Estimates</i>	1 January 2023

The Manager of the Fund anticipates that abovementioned Amendments to MFRSs will be adopted in the annual financial statements of the Fund when they become effective and that the adoption of these Amendments to MFRSs will have no material impact on the financial statements of the Fund in the year of initial application.

2.3 Accounting estimates and judgements

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

Judgements made in applying accounting policies

In the process of applying the Fund's accounting policies, the Manager is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The Manager believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

2.4 Financial assets and liabilities

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

i) Financial assetsClassification of financial assets

The Fund determines the classification of its financial assets at initial recognition, and the categories include:

Amortisation cost and effective profit method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective profit method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Shariah-based deposits with licensed financial institutions, profit income receivables and cash at bank are classified as financial assets measured at amortised cost.

Impairment of financial assets

Credit losses are recognised based on the 'Expected Credit Loss' ("ECL") model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL (financial assets that are debt instruments). The impairment model does not apply to equity investments. ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the end of the reporting period:

As the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive);

- Financial assets that are credit-impaired at the end of the reporting period:

As the difference between the gross carrying amount and the present value of estimated future cash flows.

At the end of each reporting period, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the issuer or counterparty;
- Significant downgrade in credit rating of the instrument by a rating agency;
- A breach of contract such as a default or past due event; or
- The disappearance of an active market for a security because of financial difficulties.

For balances with short-term nature, full impairment will be recognised on uncollected balances after the grace period.

Derecognition of financial assets

Financial assets are derecognised on the trade date when the rights to receive cash flows from the asset have expired or the Fund has transferred substantially all risks and rewards of ownership.

ii) Classification of realised and unrealised gains and losses

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

iii) Financial liabilities

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument. The Fund's financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit method.

The Fund includes in this category amount due to Manager and amount due to Trustee, distribution payables and other payables. A financial liability is derecognised when it is settled.

2.5 Unit Holders' capital

The Unit Holders' contributions to the Fund are classified as equity instruments.

2.6 Statement of cash flows

The Fund adopts the direct method in the preparation of statement of cash flows.

Cash and cash equivalents are short-term (e.g. Shariah-based deposits with licensed financial institutions and cash at bank), highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.7 Income

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

Profit income is recognised using the effective profit method.

2.8 Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Current tax expense is determined according to Malaysian tax laws at the current tax rate based upon the taxable profit earned during the financial year.

Pursuant to Schedule 6 of Income Tax Act 1967, profit income earned by the Fund is exempted from tax. Profit income generated by the Fund is not charged to tax as it is profit income derived from Malaysia and paid by financial institutions licensed under the Financial Services Act 2013.

No deferred tax is recognised as no temporary differences have been identified.

2.9 Distributions

Distributions are at the discretion of the Manager. A distribution to the Fund's Unit Holders is accounted for as a deduction from realised reserves, either in the form of cash or units in the Fund. A proposed distribution is recognised as a liability in the year in which it is approved.

Pursuant to the unitholders' meeting of the Fund held on 21 December 2021, resolution was passed where distribution policy of the Fund shall be amended to not expected to distribute income and, income distribution (if any) is incidental.

2.10 Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which the Fund operates ("functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also its functional currency.

3. Shariah-based deposits with licensed financial institutions

	2021 RM	2020 RM
Licensed banks	428,378,260	442,976,967
Investment bank	49,148,363	94,700,726
	<u>477,526,623</u>	<u>537,677,693</u>

The weighted average profit rates of deposits and the average maturity of deposits at the end of the reporting period were as follows:

	Weighted average profit rates (per annum) 2021 %	Average remaining maturity 2021 Days	Weighted average profit rates (per annum) 2020 %	Average remaining maturity 2020 Days
Licensed banks	1.74	22	1.97	79
Investment bank	1.68	4	2.28	61

4. Other payables

	2021 RM	2020 RM
Administration fees and expenses	21,362	23,585
Auditors' remuneration	8,000	8,000
Tax agent's fee	3,800	3,800
Sales and services tax	708	708
	<u>33,870</u>	<u>36,093</u>

5. Unit Holders' capital

	Note	2021 RM	2020 RM
Unit Holders' capital	(a)	<u>477,597,037</u>	<u>540,589,365</u>
(a) Unit Holders' capital			
2021		No. of units	RM
As of 1 January		540,589,365	540,589,365
Add: Creation of units		850,094,519	850,094,519
Add: Reinvestments of units		4,053,159	4,053,159
Less: Cancellation of units		<u>(917,140,006)</u>	<u>(917,140,006)</u>
As of 31 December		<u>477,597,037</u>	<u>477,597,037</u>
2020		No. of units	RM
As of 1 January		369,326,171	369,326,171
Add: Creation of units		1,047,687,546	1,047,687,546
Add: Reinvestments of units		10,173,911	10,173,911
Less: Cancellation of units		<u>(886,598,263)</u>	<u>(886,598,263)</u>
As of 31 December		<u>540,589,365</u>	<u>540,589,365</u>

6. Manager's fee

The Eight Schedule of the Deed provides that the Manager's fee is computed on a daily basis, up to a maximum of 2.00% per annum of the gross NAV of the Fund before deducting the Manager's fee and Trustee's fee for the particular day.

The Manager's fee charged for the year ended 31 December 2021 is 0.21% (2020: 0.27%) per annum.

7. Trustee's fee

The Ninth Schedule of the Deed provides that the Trustee's fee is computed at 0.01% per annum of the NAV of the Fund for NAV of up to RM500 million and 0.008% per annum of the NAV of the Fund for NAV of any amount in excess of RM500 million, subject to a minimum fee of RM12,000 per annum (excluding foreign custodian fees and charges) before deducting the Manager's and Trustee's fee for that particular day.

The Trustee's fee charged for the year ended 31 December 2021 is 0.01% (2020: 0.01%) per annum.

8. Income tax expense

Malaysian income tax is calculated at the Malaysian tax rate of 24% (2020:24%) of the estimated assessable income for the year. In accordance with Schedule 6 of the Income Tax Act 1967, profit income earned by the Fund is exempted from tax.

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

	2021	2020
	RM	RM
Net income before tax	<u>4,420,453</u>	<u>10,821,282</u>
Tax at Malaysian tax rate of 24%	1,060,909	2,597,108
Effect of income not subject to tax	(1,205,164)	(2,925,449)
Expenses not deductible for tax purposes (under Section 63B of the Income Tax Act, 1967)	11,687	17,778
Restriction on tax deductible expenses for the Fund	<u>132,568</u>	<u>310,563</u>
Tax expense for the year	<u>-</u>	<u>-</u>

9. Distributions

Distributions to Unit Holders were from the following sources:

	2021	2020
	RM	RM
Profit from Shariah-based deposits with licensed financial institutions	5,021,518	12,189,369
Less : Expenses	<u>(601,065)</u>	<u>(1,368,087)</u>
Net income distribution	<u>4,420,453</u>	<u>10,821,282</u>

The Fund operates on a monthly income distribution policy. Details of distributions made by the Fund to the Unit Holders are as follows:

2021

Month of accrual	Month-end units in circulation Units	Gross distribution		Net distribution		Average gross/net distribution per units in circulation RM
		RM	% [1]	RM	% [1]	
31.01.2021	484,272,078	768,996	1.77	768,996	1.77	0.0015
28.02.2021	495,583,675	666,511	1.73	666,511	1.73	0.0014
31.03.2021	375,534,356	560,304	1.70	560,304	1.70	0.0014
30.04.2021	397,061,558	563,251	1.70	563,251	1.70	0.0014
31.05.2021	289,780,011	483,878	1.67	483,878	1.67	0.0014
30.06.2021	140,637,216	260,105	1.64	260,105	1.64	0.0013
31.07.2021	130,011,631	184,369	1.68	184,369	1.68	0.0014
31.08.2021	128,888,841	189,657	1.70	189,657	1.70	0.0014
30.09.2021	135,625,991	181,194	1.70	181,194	1.70	0.0014
31.10.2021	159,269,910	207,628	1.66	207,628	1.66	0.0014
30.11.2021	153,917,698	204,542	1.58	204,542	1.58	0.0014
31.12.2021	477,597,037	150,018	1.63	150,018	1.63	0.0014
		<u>4,420,453</u>		<u>4,420,453</u>		<u>0.0168</u>

2020

31.01.2020	396,717,613	1,030,248	3.02	1,030,248	3.02	0.0026
29.02.2020	419,526,789	917,223	2.85	917,223	2.85	0.0023
31.03.2020	351,153,843	869,762	2.60	869,762	2.60	0.0022
30.04.2020	370,696,861	794,965	2.60	794,965	2.60	0.0021
31.05.2020	383,688,321	774,575	2.40	774,575	2.40	0.0020
30.06.2020	454,622,455	914,307	2.40	914,307	2.40	0.0020
31.07.2020	535,152,728	965,409	2.30	965,409	2.30	0.0020
31.08.2020	528,576,627	923,748	2.05	923,748	2.05	0.0017
30.09.2020	528,901,368	857,389	1.90	857,389	1.90	0.0016
31.10.2020	634,566,586	981,789	1.90	981,789	1.90	0.0016
30.11.2020	544,218,076	912,121	1.82	912,121	1.82	0.0015
31.12.2020	540,589,365	879,746	1.80	879,746	1.80	0.0015
		<u>10,821,282</u>		<u>10,821,282</u>		<u>0.0231</u>

[1] Distribution is accrued on a daily basis and distributed on a monthly basis.

Distribution is computed based on the annual rate stated above on Unit Holders' equity.

	2021 RM	2020 RM
NAV per unit cum distribution	1.0000	1.0000
NAV per unit ex-distribution	<u>1.0000</u>	<u>1.0000</u>

10. Units held by related parties

As of 31 December 2021, the total number of units held legally by related parties are as follows:

	2021 Unit	2021 RM
Phillip Capital Management Sdn. Bhd.	12,026,173	12,026,173
Phillip Research Sdn. Bhd.	1,513,934	1,513,934
PC Quote (M) Sdn. Bhd.	1,490,685	1,490,685
FAME Platform Sdn. Bhd.	1,389,124	1,389,124
Pristine Strategy Sdn. Bhd.	1,116,644	1,116,644
RV Capital Sdn. Bhd.	954,000	954,000
Phillip Capital Holdings Sdn. Bhd.	655,822	655,822
Phillip Wealth Planners Sdn. Bhd.	316,357	316,357
Phillip Futures Sdn. Bhd.	<u>181,378</u>	<u>181,378</u>

There were no units held legally by related parties as of 31 December 2020.

The Directors of the Manager are of the opinion that the transactions with the related parties during the financial year are in the normal course of business and established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

11. Transactions with financial institutions

Details of transactions with financial institutions for the current financial year are as follows:

	Transaction value RM	%
2021		
Financial institutions		
MBSB Bank Berhad	4,962,106,676	28.69
Kenanga Investment Bank Berhad	3,979,208,064	23.01
Public Islamic Bank Berhad	3,600,852,118	20.82
CIMB Islamic Bank Berhad	3,422,919,880	19.79
Maybank Islamic Berhad	771,619,664	4.46
MIDF Amanah Investment Berhad	313,071,994	1.81
Al-Rajhi Bank	112,909,296	0.66
RHB Islamic Bank Berhad	74,346,815	0.43
Kuwait Finance House (Malaysia) Berhad	57,641,225	0.33
	<u>17,294,675,732</u>	<u>100.00</u>
2020		
Financial institutions		
Kenanga Investment Bank Berhad	6,527,909,082	24.68
CIMB Islamic Bank Berhad	6,251,853,176	23.64
MBSB Bank Berhad	4,893,639,259	18.50
Public Islamic Bank Berhad	4,058,132,535	15.34
Maybank Islamic Berhad	2,896,096,500	10.95
Bank Muamalat Malaysia Berhad	1,278,609,791	4.84
RHB Islamic Bank Berhad	251,482,056	0.95
Al-Rajhi Bank	163,195,375	0.62
Kuwait Finance House (Malaysia) Berhad	79,079,068	0.30
MIDF Amanah Investment Berhad	42,622,496	0.16
Affin Islamic Bank Berhad	5,000,000	0.02
	<u>26,447,619,338</u>	<u>100.00</u>

The above transactions are in respect of placements of short term deposits. Transactions in these money market instruments do not involve any commission or brokerage.

12. Portfolio turnover ratio

Portfolio turnover ratio is the ratio of the average placements and withdrawals of deposits of the Fund during the year to the average NAV of the Fund. The portfolio turnover ratio for the current year is 66.55 times (2020: 54.67 times).

13. Management expense ratio

Management expense ratio is the ratio of the total fees and recovered expenses of the Fund expressed as a percentage of the Fund's average NAV. The management expense ratio for the current year is 0.23% (2020: 0.28%).

14. Segmental reporting

As all of the Fund's investments are in placements with financial institutions in Malaysia, the Fund does not report its results and investments by business or geographical segments.

15. Financial risk management

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

The Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance.

(a) Market risk

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

In the current and previous financial year, the Fund is not exposed to changes in foreign exchange rates and equity prices as the Fund's investments are wholly in deposits with financial institutions in the local currency.

(i) Profit rate risk

Cash is particularly sensitive to movements in profit rates. When profit rates rise, the returns on cash will rise while the value of fixed income securities will fall and vice versa, thus affecting the NAV of the Fund. When the profit rate trend is anticipated to rise, the exposure to fixed income securities will be reduced to an acceptable level.

Profit rate risk sensitivity

The increase/(decrease) in the NAV attributable to Unit Holders as of the end of the reporting period, assuming profit rate changes by +/- 50 basis points with all other variables held constant, is +/- RM129,025 (2020: RM560,764). This analysis is for illustration purpose only and is not an indication of future variance.

(b) Credit risk

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

The following table shows the credit rating of the financial institutions which the Fund has made placements with:

Credit rating	2021		2020	
	RM	As a % of deposits	RM	As a % of deposits
AAA	230,324,081	48.23	159,206,000	29.61
AA2	27,589,782	5.78	62,125,008	11.55
AA3	-		5,000,000	0.93
AA+	5,150,323	1.08	39,000,000	7.25
A1	82,805,003	17.34	-	-
A2	82,509,071	17.28	130,645,959	24.30
A+	44,444,045	9.30	70,089,186	13.04
A-	-		47,000,000	8.74
Not rated	4,704,318	0.99	24,611,540	4.58
	<u>477,526,623</u>	<u>100.00</u>	<u>537,677,693</u>	<u>100.00</u>

The Fund's financial assets that are subjected to the ECL model include deposits with licensed financial institutions and cash at bank. As of the end of the reporting period, none of the financial assets were credit-impaired and the impairment loss is immaterial.

(c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to Unit Holders by the Manager are redeemable at the Unit Holders' option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Deed. The Manager monitors the Fund's liquidity position on a daily basis.

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by Unit Holders. Liquid assets comprise cash, Shariah-based deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days. Any redemption by the Unit Holders beyond expected normal levels may result in early redemption of deposits placed by the Funds and could result in loss of profit accrued.

All the financial liabilities of the Fund are due on demand or within one year from the end of the reporting period.

16. Fair value of financial instruments

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position as of the end of the reporting period by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2021			
Financial assets			
Shariah-based deposits with licensed financial institutions	477,526,623	-	477,526,623
Profit income receivables	173,147	-	173,147
Cash at bank	25,766	-	25,766
Total financial assets	<u>477,725,536</u>	<u>-</u>	<u>477,725,536</u>
Financial liabilities			
Amount due to Manager	-	18,914	18,914
Amount due to Trustee	-	920	920
Distribution payables	-	74,795	74,795
Other payables	-	33,162	33,162
Total financial liabilities	<u>-</u>	<u>127,791</u>	<u>127,791</u>
2020			
Financial assets			
Shariah-based deposits with licensed financial institutions	537,677,693	-	537,677,693
Profit income receivables	3,933,560	-	3,933,560
Cash at bank	10,183	-	10,183
Total financial assets	<u>541,621,436</u>	<u>-</u>	<u>541,621,436</u>
Financial liabilities			
Amount due to Manager	-	111,368	111,368
Amount due to Trustee	-	4,864	4,864
Distribution payables	-	879,746	879,746
Other payables	-	35,385	35,385
Total financial liabilities	<u>-</u>	<u>1,031,363</u>	<u>1,031,363</u>

The financial instruments of the Fund are not carried at fair value but their carrying amounts are reasonable approximations of fair values due to their short-term maturity.

17. Capital management

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund.

The Fund's objectives for managing capital are:

- (a) To invest in investments meeting the description, risk exposure and expected return indicated in its information memorandum;
- (b) To achieve consistent returns while safeguarding capital by using various investment strategies;
- (c) To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- (d) To maintain sufficient fund size to make the operation of the Fund cost-efficient.

No changes were made to the capital management objectives, policies or processes during the current financial year.

CORPORATE INFORMATION

MANAGER

Phillip Mutual Berhad (Registration No: 200201002746)(570409-K)

Registered Office

No 3-1 Jalan Indrahana 2, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.
Tel : 603-7983 0354
Fax : 603-7981 9912

Business Office

B-18-6, Block B Level 18 Unit 6, Megan Avenue II, 12, Jalan Yap Kwan Seng, 50450, Kuala Lumpur.
Tel : 603-2783 0300
Fax : 603-2166 6417

TRUSTEE

RHB Trustees Berhad (Registration No: 200201005356)(573019-U)

Registered Office

Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.
Tel: 603-9287 3888
Fax: 603-9281 9314
Website: <https://www.rhbgroup.com>

Business Office

Level 11, Tower 3, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.
Tel: 603-9280 5933
Fax: 603-9280 5934

BOARD OF DIRECTORS

Prof. Tan Sri Dato' (Dr) Ir. Jamilus Bin Md Hussin
Datuk Ir. Hamzah Bin Hasan
Datin Hajjah Nona Binti Salleh
Mr. Andy Lim Say Kiat
En. Mohd Fadzli Bin Mohd Anas
Mr. Lim Wen Sheong
Mr. Lee Chay Kiong (Alternate Director to Mr. Lim Wen Sheong)

INVESTMENT MANAGER

Phillip Capital Management Sdn. Bhd. (Registration No: 199501004372)(333567-D)

COMPANY SECRETARY

Mr. Tan Boon Seng (MAICSA 0749659)
Compac Sdn. Bhd.
No 3-1, Jalan Indrahana 2, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.
Tel: 603-7983 0354/0277/0948/6128
Fax: 603-7981 9912
Email: compac.cosec@gmail.com

AUDITOR

Deloitte PLT (LLP0010145-LCA) (AF0080)
Level 16, Menara LGB, 1, Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.
Tel: 603-7610 8888
Fax: 603-7726 8986
Website: www.deloitte.com/my

TAX ADVISER

Deloitte Tax Services Sdn. Bhd. (Registration No: 197701005407)(36421-T)
Level 16, Menara LGB, 1 Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.
Tel: 603-7610 8888
Fax: 603-7725 7768

SHARIAH ADVISER

Amanie Advisors Sdn. Bhd. (Registration No: 200501007003)(684050-H)

Registered Office / Head Office

Level 13A-2 Menara Tokio Marine Life, 189, Jalan Tun Razak, 50400 Kuala Lumpur.
Tel: 603-2161 0260
Fax: 603-2161 0262

Business Office

Level 33, Menara Binjai, No.2 Jalan Binjai, Off Jalan Ampang, 50450 Kuala Lumpur.
Tel: 603-2181 8228
Fax: 603-2181 8219

ENQUIRIES

Customer Service Hotline Tel: 603-2783 0300
Email: phillipmutual@poems.com.my



PHILLIP MUTUAL BERHAD

(200201002746)(570409-K)

B-18-6, Block B Level 18 Unit 6, Megan Avenue II,
No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur

Tel: (603) 2783 0300 | Fax: (603) 2166 6417

website:

<https://www.phillipmutual.com> | <https://www.eunitrust.com.my> | <https://www.fame.com.my>

email: phillipmutual@poems.com.my