

# PHILLIP DANA DIVIDEN

## INTERIM REPORT

For the 6 months financial period ended  
31 December 2021

Manager:

**PHILLIP MUTUAL BERHAD**  
(200201002746)(570409-K)

Trustee:

**CIMB ISLAMIC TRUSTEE BERHAD**  
(198801000556)(167913-M)

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**FUND INFORMATION**  
**As At 31 December 2021**

Name Of Fund :	Phillip Dana Dividen
Manager Of Fund :	Phillip Mutual Berhad 200201002746 (570409-K)
External Investment Manager :	Phillip Capital Management Sdn Bhd 199501004372 (333567-D)
Launch Date :	26 July 2007
Category Of Fund :	Equity (Islamic)
Type Of Fund :	Growth and income
Investment Objective :	Phillip Dana Dividen aims to provide capital growth and steady and attractive income <sup>□</sup> in the medium* to long term* by investing in a portfolio of equities that are paying or have the potential to pay attractive dividends and that comply with Shariah requirements.  <sup>□</sup> <i>Income is in reference to the Fund's distribution, which could be in the form of cash or units.</i>  * <i>Medium term is defined as a period of one to three years, and long term is a period of more than three years.</i>
Performance Benchmark :	Composite benchmark: Since inception until 31 October 2007 50% Syariah Index (KLSI) 50% Dow Jones Islamic Market World Index (DJIM)  From 1 November 2007 onwards 50% Dow Jones Islamic Market World Index (DJIM) 50% FTSE Bursa Malaysia EMAS Shariah Index (FBMS)
Distribution Policy :	Investors will receive income distributions once a year subject to the availability of income.
Fund Size :	8.12 million units

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**PHILLIP DANA DIVIDEN**

Breakdown Of Unitholdings	: Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
	5,000 units & below	81	36.49	0.22
	5,001-10,000 units	33	14.86	0.24
	10,001-50,000 units	88	39.64	1.80
	50,001-500,000 units	16	7.21	1.66
	500,001 units & above	4	1.80	4.20
	Total	222	100.00	8.12

## FUND PERFORMANCE

## Financial Highlights

Category	As at	As at	As at	As at
	31.12.2021	30.6.2021	30.6.2020	30.6.2019
<b>Quoted Shariah-compliant Equity Securities</b>	%	%	%	%
<b>Local Shariah-compliant Equity Securities:</b>				
Automobiles & Components	3.79	2.94	1.94	-
Banks	1.45	1.80	1.00	1.00
Capital Goods	2.81	4.69	2.81	-
Construction & Engineering	-	0.68	-	-
Diversified Financials	2.16	2.51	1.02	-
Energy	-	-	1.89	-
Food & Beverage	3.99	1.11	2.28	1.17
Health Care Equipment & Services	3.57	1.86	3.68	2.91
Industrials	8.85	6.12	-	-
Insurance	1.89	-	-	-
Materials	1.76	2.81	6.80	7.50
Media & Entertainment	-	0.98	5.54	5.67
Real Estate	6.31	8.01	6.79	7.64
Retailing	11.04	10.01	10.02	4.50
Semiconductors & Semi. Equipment	3.91	2.47	-	-
Software & Services	1.67	-	-	-
Technology Hardware & Equipment	1.37	-	-	-
Telecommunication Services	1.65	3.29	4.85	-
Transportation	0.71	3.94	-	-
Utilities	7.53	10.15	8.41	6.51
<b>Foreign Shariah-compliant Equity Securities:</b>				
- Hong Kong	-	-	12.72	9.68
- Indonesia	3.21	-	1.80	4.22
- Singapore	0.90	9.12	4.76	7.73
- United States of America	19.22	12.45	15.12	17.45
- Thailand	1.12	-	-	-
	88.91	84.94	91.43	75.98
<b>Shariah-compliant Warrants</b>	0.03	-	-	-
<b>Shariah-compliant Loan Stocks</b>	0.22	-	-	-
<b>Cash And Islamic Money Market Instruments</b>	10.84	15.06	8.57	24.02
<b>Total</b>	100.00	100.00	100.00	100.00
Net Asset Value (RM'000)	3,910	4,080	4,993	6,528
Number Of Units In Circulation (Units '000)	8,124	8,607	11,557	13,565
Net Asset Value Per Unit (RM)	0.4814	0.4740*	0.4321	0.4813
Management Expense Ratio ("MER") <sup>1</sup>	1.35%	2.37%	2.22%	1.99%
Portfolio Turnover Ratio (times)	0.54	1.02	2.19	1.42

The Management Expense Ratio for the current financial period is higher due to lower percentage of decrease in expenses compared with average net asset value. (31 December 2020: 1.23%)

<sup>1</sup> The MER does not include brokerage and other transaction fees.

The Portfolio Turnover Ratio for the current financial period is lower due to decrease in investing activities. (31 December 2020: 0.70 times)

## Notes:

The net asset value per unit of the Fund is largely determined by market factors. Therefore past performance figures shown are only a guide and should not be taken as indicative of future performance. Net asset value per unit and investment returns may go up or down.

\* Price quoted is ex-distribution

**Performance Data**

	Phillip Dana Dividen		Composite Benchmark <sup>#</sup>	
	Total Return	Average Annual Return	Total Return	Average Annual Return
6 Months' Period Ended 31.12.2021	1.56%	-	5.22%	-
1 Year's Period Ended 30.6.2021	12.01%	12.01%	18.37%	18.37%
3 Years' Period Ended 30.6.2021	3.55%	1.18%	39.01%	13.00%
5 Years' Period Ended 30.6.2021	-0.23%	-0.05%	65.60%	13.12%

	6 Months to	Financial Year Ended				
	31.12.2021	30.6.2021	30.6.2020	30.6.2019	30.6.2018	30.6.2017
Phillip Dana Dividen						
- Capital Return	1.56%	9.70%	-10.22%	2.97%	-13.62%	11.54%
- Income Return	-	2.11%	0.00%	0.00%	0.00%	0.00%
- Total Return	1.56%	12.01%	-10.22%	2.97%	-13.62%	11.54%
Composite Benchmark <sup>#</sup>	5.22%	18.37%	8.68%	4.53%	0.23%	14.05%

	6 Months to	Financial Year Ended		
	31.12.2021	30.6.2021	30.6.2020	30.6.2019
<b>Unit Prices</b>				
Highest NAV(RM)	0.5016	0.5071	0.4950	0.4974
Lowest NAV (RM)	0.4662	0.4111	0.3373	0.4287

**Distributions**

Gross Distribution Per Unit (sen)	-	1.00	-	-
	(31.12.2021)	(30.6.2021)	(30.6.2020)	(29.6.2019)
Net Distribution Per Unit (sen)	-	1.00	-	-
	(31.12.2021)	(30.6.2021)	(30.6.2020)	(29.6.2019)

**Unit Splits**

-	-	-	-
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<sup>#</sup> The benchmark returns are adjusted for the movement of Ringgit Malaysia against foreign currencies.

Notes:

1. All figures pertaining to the Fund's return were extracted from Lipper.
2. The net asset value per unit of the Fund is largely determined by market factors. Therefore past performance figures shown are only a guide and should not be taken as indicative of future performance. Net asset value per unit and investment returns may go up or down.

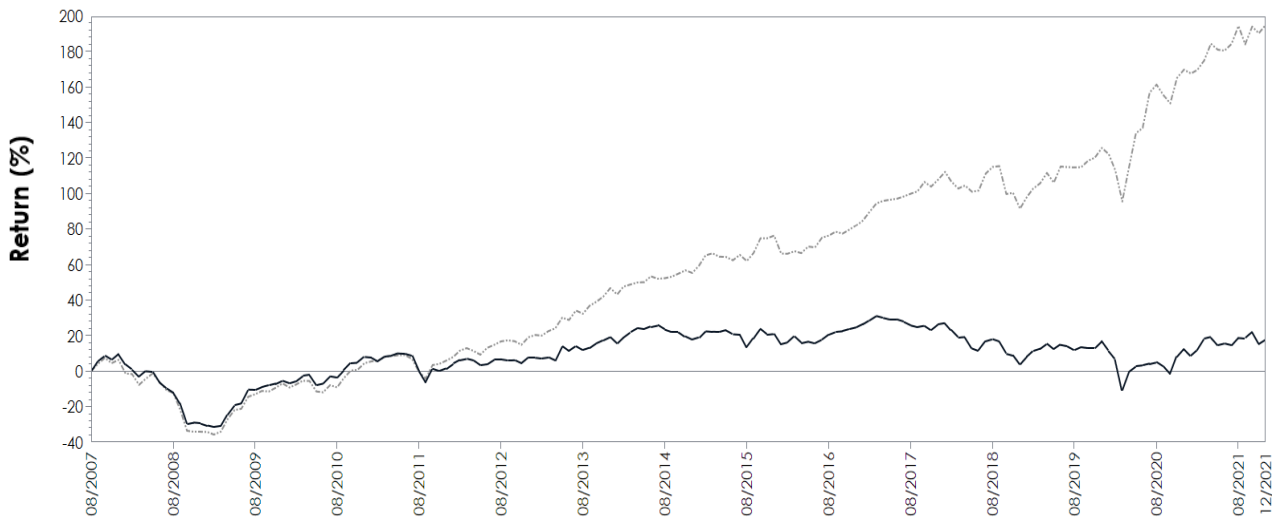
**MANAGER’S REPORT**  
**31 December 2021**

**Performance Review**

From 14 August 2007 (date of launch: 26 July 2007) to 31 December 2021, the Phillip Dana Dividen registered a total return of 17.28%, while its composite benchmark (50% Dow Jones Islamic Market World Index [DJIM] and 50% FTSE Bursa Malaysia EMAS Shariah Index [FBMS]), rose 195.42%.

For the interim period under review (1 July 2021 to 31 December 2021), the Fund registered a total return of 1.56%. In comparison, its benchmark rose 5.22%.

**Comparison Between Fund’s Performance And Benchmark Since Inception**



Phillip Dana Dividen	+17.28%
Composite Benchmark (50% DJIM & 50% FBMS)	+195.42%

Source: Lipper

Notes:

The benchmark returns are adjusted for the movement of Ringgit Malaysia against foreign currencies.

**Investment Strategy Review**

**Equity Strategy Review**

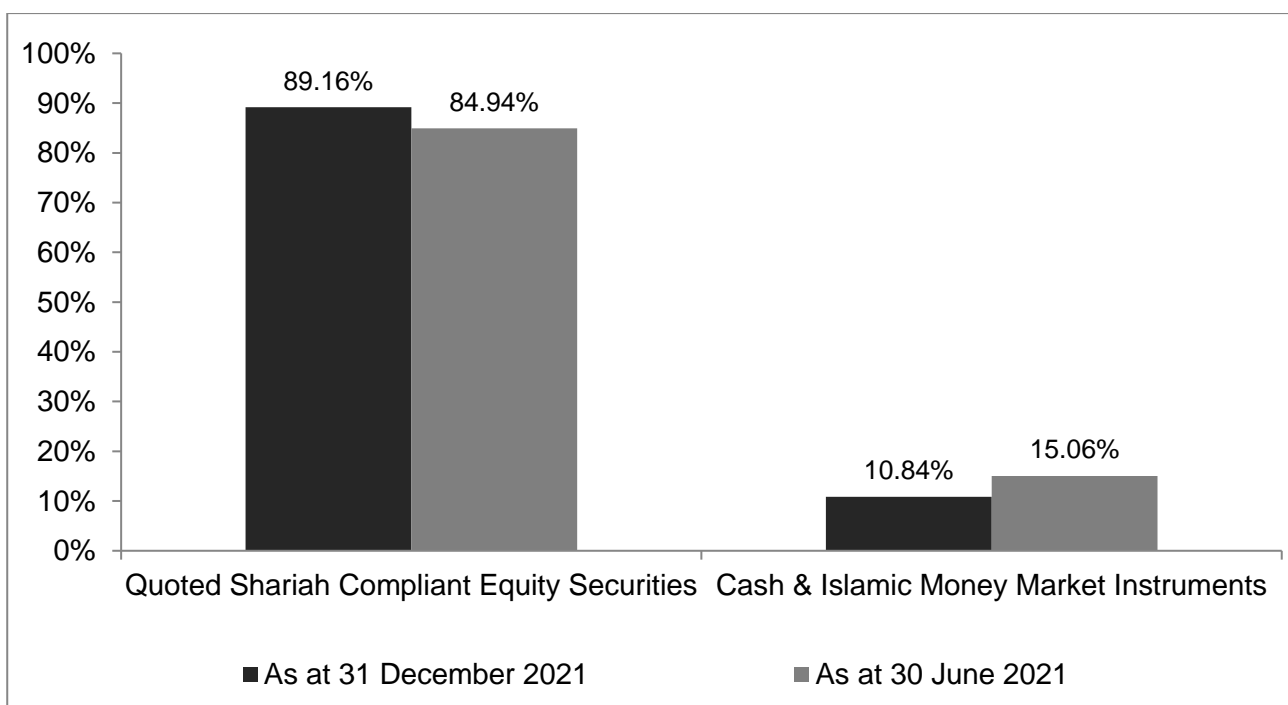
For the interim period under review, the Fund underweight US at the country level, which caused the underperformance against the benchmark index. However, fund manager has been aggressively adding exposure to the market during market retracement in November 2021 period.

In light of increasing number of Covid-19 Omicron variant cases, the fund’s core holdings in the economic recovery names which had previously saw strong rebound during the first half of the year reversed its gains, denting returns.

We are turning more cautious on the global equities in line with higher interest rate expected, which could cause further volatilities to the market; while geopolitical tension between Russia and Ukraine could spiral out of hand and dampen sentiments. That aside, we are also actively monitoring Covid-19 cases globally and how governments are simultaneously combatting the rise in cases while stimulating the economy.

Notwithstanding that, our key strategy remains to focus on bottom-up stock selection in companies and we view that recent retracement in the tech space as a good opportunity to accumulate good names and cheap valuation.

**Asset Allocation**



The quoted Shariah-compliant equity securities allocation (inclusive of warrant and loan stock) of Phillip Dana Dividen increased to 89.16% as at 31 December 2021 from 84.94% recorded at the beginning of the interim period under review due to net equity purchases.

**Analysis Of Net Asset Value**

The net asset value (NAV) per unit of Phillip Dana Dividen increased from RM0.4740 to RM0.4814 during the interim period under review. Meanwhile, total NAV of the Fund decreased from RM4,079,739 to RM3,910,152 due to net fund redemptions that were marginally offset by price appreciation of the portfolio.



## **Market Review**

### **Review Of Global Markets**

In 3Q21, global equity markets were mixed. US equities saw strong earnings lifting its stocks in the run up to August, when the Federal Reserve (Fed) seemed to strike a dovish tone, confirming its hesitance to tighten policy too fast. However, growth and inflation concerns late in the quarter quickly erased gains.

The Fed stated in September 2021 that tapering of quantitative easing (i.e. a slowdown in the pace of asset purchases) were to be announced at the November 2021 meeting, as expected, and will finish by mid-2022.

Eurozone equities were flat in Q3 2021. The energy sector was one of the strongest performers, as was information technology with semiconductor-related stocks seeing a robust advance. Consumer discretionary stocks were among the weakest for the quarter, with luxury goods companies under pressure amid suggestions that China could seek greater wealth redistribution, which could hit demand.

Asia ex-Japan equities recorded a sharply negative return in the third quarter, largely driven by a significant sell off in China. This was partially due to concerns over the ability of property group Evergrande to service its debts. The Evergrande situation sparked global investor concerns over potential spill over risks. Market concerns over inflation and the outlook for interest rates also dampened investor confidence during the quarter. China was the worst-performing index market, with sentiment towards the country also weakened by the government's regulatory crackdown affecting the education and technology sectors. Power outages in China and the rationing of energy also spooked investors, hurting production of key commodities. The downside risks in China have significantly increased against a backdrop of slowing economic activity and concerns that recent regulatory policies will further weigh on growth.

In Q4 2021, US equities recorded gains despite a weaker November 2021, during which fears over rising cases of the Omicron variant of Covid-19 and the speed of the Federal Reserve's asset tapering had weighed.

Asia ex-Japan equities recorded a modest decline in the fourth quarter. There was a broad market sell-off following the emergence of the Omicron variant of Covid-19 which investors feared could derail the global economic recovery.

China was the worst-performing market in the index in the quarter, with share prices sharply lower, along with neighbouring Hong Kong, on investor fears that new lockdown restrictions would be instigated following the rapid spread of the new Covid-19 variant. Share prices in Singapore also ended the fourth quarter in negative territory as investors continued to track developments surrounding the new Omicron variant. There were also fears that the city-state's government might have to scale back some recently relaxed curbs on activity. India and South Korea also ended the quarter in negative territory although the declines in share prices were more modest.

**Income Distribution : Nil**

**Unit Split : Nil**

### **Significant Changes In The State Of Affairs Of The Fund**

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

### **Circumstances That Materially Affect Interest Of Unitholders**

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

### **Soft Commissions**

During the financial period under review, the external investment manager has received soft commissions from brokers in compliance with applicable legal, regulatory and industry standards. Soft commissions are received by the external investment manager where the same can reasonably be expected to assist in the provision of investment services to its clients. Examples of goods and services under such soft commission arrangement include research and advisory services, computer software or any other information facilities to the extent that they are used to support the investment decision making process, data and quotation.

**TRUSTEE'S REPORT  
TO THE UNITHOLDERS OF PHILLIP DANA DIVIDEN**

We, **CIMB Islamic Trustee Berhad**, being the trustee of **Phillip Dana Dividen** ("the Fund"), are of the opinion that **Phillip Mutual Berhad** ("the Manager"), acting in the capacity as Manager of the Fund, has fulfilled its duties in the following manner for the financial period ended 31 December 2021.

- (a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager under the Deeds, the Securities Commission Malaysia's Guidelines on Unit Trusts Funds, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;
- (b) Valuation and pricing for the Fund has been carried out in accordance with the Deeds and relevant regulatory requirements; and
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements.

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

**Ezreen Eliza Zulkiplee**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
25 February 2022

**Shariah Adviser's Report**

**To The Unitholders of Phillip Dana Dividen ("Fund")**

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Phillip Mutual Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The asset of the Fund comprises of instruments that have been classified as Shariah compliant.

For **Amanie Advisors Sdn Bhd**

**Tan Sri 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 declare that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 13 to 34 are prepared in accordance with the requirements of the Deeds, 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 Dana Dividen** as at 31 December 2021 and of its results, changes in net asset value and cash flows for the financial period then ended.

Signed on behalf of the Manager in accordance with a resolution of the directors.

**ANDY LIM SAY KIAT**  
Chief Executive Officer/ Managing Director

**DATIN HAJJAH NONA BINTI SALLEH**  
Chairperson

Kuala Lumpur, Malaysia  
25 February 2022

**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2021**

	Note	31.12.2021 RM	31.12.2020 RM
<b>Assets</b>			
Shariah-compliant investments	3	3,486,465	3,499,823
Dividend receivable		11,967	9,745
Profit receivable		12	-
Cash and cash equivalents	5	432,813	737,234
<b>Total Assets</b>		<u>3,931,257</u>	<u>4,246,802</u>
<b>Liabilities</b>			
Amount due to Manager	7	9,840	5,409
Amount due to brokers/dealers	8	-	40,664
Other payables		11,265	12,154
<b>Total Liabilities</b>		<u>21,105</u>	<u>58,227</u>
<b>Net Asset Value (“NAV”) Of The Fund</b>		<u>3,910,152</u>	<u>4,188,575</u>
<b>Equity</b>			
Unitholders' capital		7,934,938	8,295,452
Accumulated losses		(4,024,786)	(4,106,877)
<b>NAV Attributable To Unitholders</b>	15	<u>3,910,152</u>	<u>4,188,575</u>
<b>Total Equity And Liabilities</b>		<u>3,931,257</u>	<u>4,246,802</u>
<b>Number Of Units In Circulation (Units)</b>	16	<u>8,123,938</u>	<u>8,868,927</u>
<b>NAV Per Unit</b>	15	<u>0.4814</u>	<u>0.4723</u>

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

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**For the financial period ended 31 December 2021**

	Note	1.7.2021 to 31.12.2021 RM	1.7.2020 to 31.12.2020 RM
<b>Shariah-Compliant Investment Income/(Loss)</b>			
Gross dividends from financial assets at fair value through profit or loss ("FVTPL")		57,578	59,960
Profit from Islamic money market instruments		1,762	821
Net (loss)/gain on Shariah-compliant investments:			
- Financial assets at FVTPL		(19,433)	250,394
- Foreign exchange		3,453	(27,264)
Net unrealised gain/(loss) on foreign exchange		488	(30,521)
Net unrealised gains on changes in value of financial assets at FVTPL		97,213	197,407
		<u>141,061</u>	<u>450,797</u>
<b>Expenses</b>			
Audit fee		4,033	4,033
Tax agent's fee		1,715	1,512
Manager's fee	9	30,467	34,206
Trustee's fee	10	4,234	4,234
Custodian's fee		163	150
Brokerage and other transaction fees		20,883	29,952
Administration expenses		13,723	11,242
		<u>75,218</u>	<u>85,329</u>
<b>Net Income Before Taxation</b>		65,843	365,468
<b>Taxation</b>	14	-	-
<b>Net Income After Taxation</b>		<u>65,843</u>	<u>365,468</u>
<b>Total Comprehensive Income</b>		<u>65,843</u>	<u>365,468</u>
<b>Total Comprehensive Income</b>			
<b>Is made up as following:</b>			
Realised (loss)/gain		(31,858)	198,582
Unrealised gain		97,701	166,886
		<u>65,843</u>	<u>365,468</u>

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

**UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE**  
**For the financial period ended 31 December 2021**

	Unitholders' capital RM	Accumulated losses RM	Total RM
<b>At 1 July 2020</b>	9,465,111	(4,472,345)	4,992,766
Net loss after taxation	-	365,468	365,468
Creation of units	11,368	-	11,368
Cancellation of units	(1,181,027)	-	(1,181,027)
<b>At 31 December 2020</b>	<u>8,295,452</u>	<u>(4,106,877)</u>	<u>4,188,575</u>
<b>At 1 July 2021</b>	8,170,368	(4,090,629)	4,079,739
Net income after taxation	-	65,843	65,843
Creation of units	2,500	-	2,500
Cancellation of units	(237,930)	-	(237,930)
<b>At 31 December 2021</b>	<u>7,934,938</u>	<u>(4,024,786)</u>	<u>3,910,152</u>

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



**UNAUDITED STATEMENT OF CASH FLOWS**  
**For the financial period ended 31 December 2021**

	<b>1.7.2021 to 31.12.2021 RM</b>	<b>1.7.2020 to 31.12.2020 RM</b>
<b>Cash Flows From Operating And Investing Activities</b>		
Proceeds from sale of Shariah-compliant investments	2,200,692	3,878,350
Purchase of Shariah-compliant investments	(2,277,615)	(2,412,100)
Dividends received	55,848	57,160
Profit from Islamic money market instruments	1,768	893
Manager's fee paid	(25,728)	(35,171)
Trustee's fee paid	(4,212)	(3,519)
Custodian's fee paid	(163)	(150)
Payment for other fees and expenses	(25,580)	(26,941)
Net cash (used in)/from operating and investing activities	<u>(74,989)</u>	<u>1,458,522</u>
<b>Cash Flows From Financing Activities</b>		
Cash proceeds from units created	2,500	11,368
Cash paid on units cancelled	(237,930)	(1,191,027)
Distributions paid	(938)	-
Net cash used in financing activities	<u>(236,368)</u>	<u>(1,179,659)</u>
<b>Net (Decrease)/Increase In Cash And Cash Equivalents</b>	<b>(311,358)</b>	<b>278,863</b>
<b>Effect of exchange rate changes</b>	<b>(521)</b>	<b>(38,865)</b>
<b>Cash And Cash Equivalents At Beginning Of Financial Period</b>	<b>744,692</b>	<b>497,237</b>
<b>Cash And Cash Equivalents At End Of Financial Period</b>	<b><u>432,813</u></b>	<b><u>737,234</u></b>
<b>Cash And Cash Equivalents Comprise:</b>		
Cash at banks	162,813	737,234
Islamic money market instruments	270,000	-
	<u>432,813</u>	<u>737,234</u>

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

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

Phillip Dana Dividen, formerly known as Pacific Dana Dividen Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master Deed dated 22 May 2007 as amended by the Supplemental Master Deed dated 29 May 2009, Second Supplemental Master Deed dated 25 June 2010, Third Supplemental Master Deed and its Fourth Supplemental Master Deed dated 12 July 2017 made between the Manager, BOS Wealth Management Malaysia Berhad (the Manager prior to 1 December 2020), the Trustees, HSBC (Malaysia) Trustee Berhad (the Trustee prior to 1 October 2017), CIMB Islamic Trustee Berhad (the new Trustee with effect from 1 October 2017), Fifth Supplemental Master Deed dated 5 October 2020, Sixth Supplemental Master Deed dated 5 October 2020 made between the previous Manager, BOS Wealth Management Malaysia Berhad and the Trustee, CIMB Islamic Trustee Berhad, Seventh Supplemental Master Deed dated 6 November 2020, Eighth Supplemental Master Deed dated 25 November 2020 made between the Managers, BOS Wealth Management Malaysia Berhad (the Manager prior to 1 December 2020) and Phillip Mutual Berhad (the new Manager with effect from 1 December 2020), and the Trustee of the Fund, CIMB Islamic Trustee Berhad and Ninth Supplemental Master Deed dated 1 July 2021 made between the Manager, Phillip Mutual Berhad and the Trustee, CIMB Islamic Trustee Berhad (the Deed and all its supplemental hereinafter referred to as the “Deeds”). The Fund was launched on 26 July 2007.

The previous Manager has retired as the Manager of the Fund effective from 1 December 2020. With effect from the same date, CIMB Islamic Trustee Berhad as the Trustee of the Fund, has appointed Phillip Mutual Berhad as the new Manager of the Fund.

The principal activity of the Fund is to invest in “Permitted Investments” as defined in the Deeds, which include Shariah-compliant securities listed on Bursa Malaysia Securities Berhad and foreign Shariah-compliant securities approved by the Securities Commission Malaysia.

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.

**2. Summary of significant accounting policies****(a) 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.

**(b) 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 July 2021, as follows:

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform

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 at 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's operation are as listed below:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4, and MFRS 16: <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
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 the 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 period of initial application.

**(c) Functional and presentation currency**

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

The Fund's investors are mainly in Malaysia, with the subscriptions and redemptions of the redeemable shares denominated in RM. The primary activity of the Fund is to invest in a diversified portfolio of Shariah-compliant securities. The fund's performance is measured and reported to the investors in RM. The Investment Committee considers the RM as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

**(d) Foreign currency translation**

Assets and liabilities denominated in foreign currencies are translated into RM at rates of exchange prevailing at the end of the reporting period.

Transactions in foreign currencies are translated into RM at the rates of exchange ruling on the dates of transactions. Exchange differences arising are included in profit or loss.

**(e) Financial instruments**

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

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

Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss ("FVTPL") on the basis of both the Fund's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**(i) Financial assets at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit ("SPPP") on the principal amount outstanding. Receivables are classified as financial assets at amortised cost. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These include dividend receivable, profit receivable and cash and cash equivalents.

**(ii) Financial assets at FVTPL**

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and profit ("SPPP") on the principal amount outstanding; or
- (b) It is held within a business model whose objective is to sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category its Permitted Investments. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

Financial liabilities

Financial liabilities are recognised initially at fair value i.e. the consideration for goods and services received and subsequently stated at amortised cost. These include amounts due to Manager, amounts due to brokers/dealers and other payables. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective profit method.

**(f) Derecognition of financial assets and liabilities**Financial assets

A financial asset is derecognised when the asset is disposed and the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities

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

**(g) 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, either on a 12-month or lifetime basis based on the significant increase in credit risk since initial recognition. The impairment model does not apply to equity investments.

Given the limited exposure of the Fund to credit risk, there is no material impact on the Fund’s financial statements. For balances which are short-term in nature and with no financing component (e.g. dividend receivable and profit receivable), full impairment will be recognised on uncollected balances after the grace period is exceeded.

**(h) Income recognition**

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

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

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

**(i) Unrealised reserves/(deficits)**

The unrealised reserves/(deficits) represent the net gain or loss arising from carrying quoted Shariah-compliant investments and fixed income securities at their fair value and are recognised in the profit or loss.

**(j) Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and placement in Islamic money market instruments with original maturities of 3 months or less which have an insignificant risk of changes in value.

**(k) 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.

**(l) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**(m) Unitholders' capital**

Unitholders' capital meets the conditions for the definition of puttable instruments classified as equity instruments.

Distribution equalisation is accounted for on the date of creation and cancellation of units. It represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

**(n) Significant accounting estimates and judgments**

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 financial year.

## 3. Shariah-compliant investments

	31.12.2021 RM	31.12.2020 RM
<b>Financial assets at FVTPL</b>		
Quoted Shariah-compliant investments		
- Shariah-compliant equity securities	3,476,724	3,499,823
- Shariah-compliant warrants	1,225	-
- Shariah-compliant loan stock	8,516	-
	<u>3,486,465</u>	<u>3,499,823</u>

**Quoted Shariah-compliant investments**

The composition of quoted Shariah-compliant investments at the reporting date is as detailed below. The industry classifications are based on Morgan Stanley Capital International's ("MSCI") Global Industry Classification Standard.

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
<b>31.12.2021</b>				
<b><u>Indonesia</u></b>				
<b>Food &amp; Staples Retailing</b>				
49,500	PT Indofood CBP Sukses Makmur Tbk	<u>127,947</u>	<u>125,707</u>	<u>3.21</u>
	<b>Total Shariah-compliant equity securities – Indonesia</b>	<u>127,947</u>	<u>125,707</u>	<u>3.21</u>
<b><u>Malaysia</u></b>				
<b>Automobiles &amp; Components</b>				
49,900	UMW Holdings Berhad	<u>171,017</u>	<u>148,203</u>	<u>3.79</u>
<b>Banks</b>				
18,900	BIMB Holdings Berhad	<u>61,173</u>	<u>56,700</u>	<u>1.45</u>
<b>Capital Goods</b>				
32,200	IJM Corporation Berhad	50,399	48,944	1.25
35,000	SKP Resources Berhad	<u>57,915</u>	<u>60,900</u>	<u>1.56</u>
		<u>108,314</u>	<u>109,844</u>	<u>2.81</u>
<b>Diversified Financials</b>				
12,900	Bursa Malaysia Bhd	<u>116,662</u>	<u>84,495</u>	<u>2.16</u>
<b>Food, Beverage &amp; Tobacco</b>				
38,000	Able Global Berhad	61,948	61,180	1.56
30,000	Kawan Food Berhad	56,163	49,200	1.26
34,300	Power Root Berhad	<u>63,074</u>	<u>45,619</u>	<u>1.17</u>
		<u>181,185</u>	<u>155,999</u>	<u>3.99</u>

(Forward)



PHILLIP DANA DIVIDEN

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
<b>Health Care Equipment &amp; Services</b>				
55,000	Supercomnet Technologies Berhad	88,082	110,550	2.83
9,928	Supermax Corporation Berhad	81,714	14,594	0.37
5,600	Top Glove Corporation Bhd	43,120	14,504	0.37
		<u>212,916</u>	<u>139,648</u>	<u>3.57</u>
<b>Industrials</b>				
70,000	Chin Well Holdings Bhd	81,123	96,600	2.47
65,000	Kelington Group Bhd	106,683	111,800	2.86
85,000	UEM Edgenta Berhad	151,510	137,700	3.52
		<u>339,316</u>	<u>346,100</u>	<u>8.85</u>
<b>Insurance</b>				
20,000	Syarikat Takaful Malaysia Berhad	74,139	74,000	1.89
<b>Materials</b>				
24,600	Thong Guan Industries Berhad	62,730	68,880	1.76
<b>Real Estate</b>				
112,592	Sime Darby Property Berhad	137,328	66,992	1.71
75,200	SP Setia Berhad	81,121	97,008	2.48
48,300	Sunway Bhd	69,065	83,076	2.12
		<u>287,514</u>	<u>247,076</u>	<u>6.31</u>
<b>Retailing</b>				
117,000	Bermaz Auto Bhd	256,568	184,860	4.73
125,000	Innature Berhad	81,071	84,375	2.16
28,100	MBM Resources Berhad	99,292	89,920	2.30
3,900	MR D.I.Y. Group (M) Bhd	14,040	14,079	0.36
20,900	Padini Holdings Berhad	62,375	58,520	1.50
		<u>513,346</u>	<u>431,754</u>	<u>11.04</u>
<b>Semiconductors &amp; Semi. Equipment</b>				
43,800	Globetronics Technology Berhad	94,196	72,708	1.86
20,000	Inari Amertron Berhad	75,400	80,000	2.05
		<u>169,596</u>	<u>152,708</u>	<u>3.91</u>
<b>Software &amp; Services</b>				
36,000	CTOS Digital Berhad	56,812	65,160	1.67
<b>Technology Hardware &amp; Equipment</b>				
17,000	Uchi Technologies Berhad	52,994	53,380	1.37
<b>Telecommunication Services</b>				
14,000	Time Dotcom Berhad	60,740	64,400	1.65
<b>Transportation</b>				
35,000	AirAsia Group Berhad	33,565	27,650	0.71

(Forward)



PHILLIP DANA DIVIDEN

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
<b>Utilities</b>				
179,500	Taliworks Corporation Berhad	159,138	155,268	3.97
14,900	Tenaga Nasional Berhad	181,124	139,166	3.56
		<u>340,262</u>	<u>294,434</u>	<u>7.53</u>
<b>Total Shariah-compliant equity securities – Malaysia</b>		<u>2,842,281</u>	<u>2,520,431</u>	<u>64.46</u>
<b><u>Singapore</u></b>				
<b>Consumer Durables &amp; Apparel</b>				
2,043,000	China Hongxing Sports Ltd. *	-	-	-
<b>Real Estate</b>				
4,200	Mapletree Industrial Trust	<u>38,686</u>	<u>35,101</u>	<u>0.90</u>
<b>Total Shariah-compliant equity securities – Singapore</b>		<u>38,686</u>	<u>35,101</u>	<u>0.90</u>
<b><u>Thailand</u></b>				
<b>Automobiles &amp; Components</b>				
16,000	Somboon Advance Technology PCL - NVDR	<u>39,562</u>	<u>43,763</u>	<u>1.12</u>
<b>Total Shariah-compliant equity securities – Thailand</b>		<u>39,562</u>	<u>43,763</u>	<u>1.12</u>
<b><u>United States of America</u></b>				
<b>Pharma., Biotech. &amp; Life Sciences</b>				
323	Gilead Sciences, Inc.	<u>100,569</u>	<u>97,682</u>	<u>2.50</u>
<b>Retailing</b>				
57	Alibaba Group Holding Limited	58,210	28,201	0.72
2	Amazon.com, Inc.	29,485	27,775	0.71
40	The Home Depot Inc	<u>52,123</u>	<u>69,141</u>	<u>1.77</u>
		<u>139,818</u>	<u>125,117</u>	<u>3.20</u>
<b>Semiconductors &amp; Semi. Equipment</b>				
566	Intel Corporation	<u>116,229</u>	<u>121,406</u>	<u>3.10</u>
<b>Software &amp; Services</b>				
30	Adobe Inc.	70,270	70,854	1.81
88	Meta Platforms, Inc.	126,671	123,279	3.15
80	Microsoft Corporation	<u>89,525</u>	<u>112,062</u>	<u>2.87</u>
		<u>286,466</u>	<u>306,195</u>	<u>7.83</u>
<b>Technology Hardware &amp; Equipment</b>				
137	Apple Inc.	<u>97,294</u>	<u>101,322</u>	<u>2.59</u>

\* On 23 October 2020, the securities in CHSL was delisted from the Singapore Exchange Securities Trading Limited ("SGX-ST").

(Forward)

PHILLIP DANA DIVIDEN

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
	<b>Total Shariah-compliant equity securities – United States of America</b>	<u>740,377</u>	<u>751,722</u>	<u>19.22</u>
	<b>Total quoted Shariah-compliant investments as at 31 December 2021</b>	<u>3,788,852</u>	<u>3,476,724</u>	<u>88.91</u>

**Shariah-compliant warrant**

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
5,833	AirAsia Group Berhad - Warrants A 2021/2028	<u>-</u>	<u>1,225</u>	<u>0.03</u>

**Shariah-compliant loan stock**

Quantity	Name of counter	Cost RM	Fair value RM	Fair value as a % of NAV %
11,666	AirAsia Group Berhad - LA 29/12/2028	<u>8,750</u>	<u>8,516</u>	<u>0.22</u>

**Total Shariah-compliant quoted investments**

Total quoted investments comprised investments in Shariah-compliant equity securities, warrant and loan stock.

	Cost RM	Fair value RM	Fair value as a % of NAV %
<b>31.12.2021</b>			
<b>Total quoted Shariah-compliant investments</b>	<u>3,797,602</u>	<u>3,486,465</u>	<u>89.16</u>
<b>Unrealised loss from quoted Shariah-compliant investments as at 31 December 2021</b>		<u>(311,137)</u>	

#### 4. Fair value hierarchy

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

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

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

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

	<b>Level 1 RM</b>	<b>Total RM</b>
<b>31.12.2021</b>		
<b>Financial assets at FVTPL</b>		
Quoted Shariah-compliant investments	<u>3,486,465</u>	<u>3,486,465</u>
<b>31.12.2020</b>		
<b>Financial assets at FVTPL</b>		
Quoted Shariah-compliant investments	<u>3,499,823</u>	<u>3,499,823</u>

The carrying amounts of other financial assets and financial liabilities, approximate fair values due to the relatively short term maturities of these financial instruments.

#### 5. Cash and cash equivalents

Cash and cash equivalents include cash at banks and placements in Islamic money market instruments.

	<b>31.12.2021 RM</b>	<b>31.12.2020 RM</b>
Cash at banks		
- Malaysia	11,966	23,500
- Outside Malaysia	150,847	713,734
	<u>162,813</u>	<u>737,234</u>
Islamic money market instruments with licensed financial institutions		
- Commercial banks	<u>270,000</u>	-
Cash and cash equivalents	<u>432,813</u>	<u>737,234</u>

The weighted average effective profit rate and remaining maturity of deposits with licensed financial institutions at the reporting date were as follows:

	Weighted average effective profit rate (% per annum)		Weighted average remaining maturity (Days)	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Islamic money market instruments with licensed financial institutions:				
- Commercial bank	1.65	-	3	-

## 6. Shariah information of the Fund

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

- Securities listed on Bursa Malaysia Securities Berhad which have been classified as Shariah-compliant by the Shariah Advisory Council (“SAC”) of the Securities Commission Malaysia (“SC”);
- Securities listed on foreign markets that have been classified as Shariah-compliant which have been reviewed and verified by the Shariah Adviser;
- Cash placements and liquid assets in local market that are placed in Shariah-compliant investments and/or instruments; and
- A portion of the cash placed outside Malaysia that is meant to facilitate the purchase and selling of foreign securities. The cash is placed in a non-interest bearing account.

## 7. Amount due to Manager

The amount due to Manager represents amount payable for units cancelled and/or amount payable for management fee.

Management fee is payable on a monthly basis and amount payable for units cancelled is paid within 10 days of the transaction dates.

## 8. Amount due from/to brokers/dealers

The amount due from/to brokers/dealers relates to disposal/purchase of investments which remain outstanding at the end of the reporting period. These are normally paid within 2 business days of the transaction dates.

## 9. Manager’s fee

The Manager’s fee provided in the financial statements is computed at 1.50% (2020: 1.50%) per annum of the net asset value attributable to unitholders of the Fund, calculated on a daily basis.

**10. Trustee’s fee**

The Trustee's fee provided in the financial statements is computed at 0.06% (between 1 July 2021 to 30 Nov 2021) and 0.05% (1 December 2021 onwards) (2020: 0.06%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis, subject to a minimum fee of RM8,400 per annum.

**11. Custodian’s fee**

The Custodian's fee provided in the financial statements ranges from 0.01% to 0.30% (2020: 0.01% to 0.30%) per annum, computed based on the net asset value attributable to unitholders of the Fund of the respective foreign portfolio at the end of the month.

**12. Portfolio turnover ratio (“PTR”)**

	<b>1.7.2021 to 31.12.2021</b>	<b>1.7.2020 to 31.12.2020</b>
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Portfolio turnover ratio ("PTR")	<u>0.54 times</u>	<u>0.70 times</u>
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The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial period over the average net asset value attributable to unitholders of the Fund calculated on a daily basis. The PTR for the current financial period is lower due to decrease in investing activities.

**13. Management expense ratio (“MER”)**

	<b>1.7.2021 to 31.12.2021</b>	<b>1.7.2020 to 31.12.2020</b>
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Management expense ratio ("MER") <sup>1</sup>	<u>1.35%</u>	<u>1.23%</u>
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MER is the ratio of expenses of the Fund expressed as a percentage of the average net asset value attributable to unitholders of the Fund for the financial period calculated on a daily basis. The MER for the current financial period is higher due to a lower percentage of increase in expenses compared with the average net asset value.

<sup>1</sup> The MER does not include brokerage and other transaction fees

**14. Taxation**

	<b>1.7.2021</b>	<b>1.7.2020</b>
	<b>to</b>	<b>to</b>
	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>RM</b>	<b>RM</b>
Estimated Malaysian income tax:		
Current period's provision	<u>-</u>	<u>-</u>

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

There was no taxation charge for the current and previous financial period due to tax exempt income received.

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

	<b>1.7.2021</b>	<b>1.7.2020</b>
	<b>to</b>	<b>to</b>
	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>RM</b>	<b>RM</b>
Net income before taxation	<u>65,843</u>	<u>365,468</u>
Taxation at Malaysian statutory rate of 24%	15,802	87,712
Tax effects of:		
Income not subject to tax	(38,518)	(131,971)
Losses not subject to tax	4,664	23,780
Expenses not deductible for tax purpose	9,772	9,741
Restriction on tax deductible expenses for unit trust funds	<u>8,280</u>	<u>10,738</u>
Tax expense for the period	<u>-</u>	<u>-</u>

**15. Net asset value (“NAV”) attributable to unitholders**

	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>RM</b>	<b>RM</b>
Unitholders' capital	7,934,938	8,295,452
Accumulated losses		
- Realised deficits	(3,728,761)	(3,593,647)
- Unrealised deficits	<u>(296,025)</u>	<u>(513,230)</u>
NAV attributable to unitholders	<u>3,910,152</u>	<u>4,188,575</u>

The NAV per unit is rounded up to four decimal places.

**16. Number of units in circulation**

	<b>31.12.2021</b>	<b>30.12.2020</b>
	<b>No. of units</b>	<b>No. of units</b>
As the beginning of financial period	8,607,469	11,556,778
Creation	5,194	26,097
Cancellation	(488,725)	(2,713,948)
As the end of financial period	<u>8,123,938</u>	<u>8,868,927</u>

**17. Units held by the Manager and its related parties**

There were no units held by the Manager and its related parties.

**18. Transactions with brokers/dealers**

Details of transactions with the brokers/dealers for the financial period are as follows:

<b>Brokers/dealers</b>	<b>Value of trade# RM</b>	<b>% of total trades</b>	<b>Brokerage fee* RM</b>	<b>% of total brokerage fees</b>
Credit Suisse Securities (Malaysia) Sdn Bhd	1,416,261	32.57	3,712	31.27
Affin Hwang Investment Bank Bhd	893,443	20.54	2,350	19.80
Kenanga Investment Bank Bhd	701,449	16.13	2,126	17.91
Maybank Investment Bank Bhd	692,764	15.93	1,938	16.33
AmInvestment Bank Bhd	284,096	6.53	855	7.21
CIMB Investment Bank Bhd	272,745	6.27	777	6.55
M & A Securities Sdn Bhd	77,500	1.78	0	0.00
RHB Investment Bank Bhd	11,000	0.25	110	0.93
	<u>4,349,258</u>	<u>100.00</u>	<u>11,868</u>	<u>100.00</u>

# Excludes brokerage and other transaction fees.

\* Only applicable to equity securities.

The transactions above are with non related parties.

**19. Financial risk management objectives and policies**

The Fund is exposed to a variety of risks which include market risk, credit risk, liquidity risk, specific risk, single issuer risk and Shariah status reclassification risk.

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

(i) Market risk

The Fund's principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments. The Fund seeks to diversify some of these risks by investing into different sectors to mitigate risk exposure to any single asset class.

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

(a) Price risk

Price risk is the adverse changes in the fair value of securities as a result of changes in the levels of equity indices and the value of individual securities. The price risk exposure arises from the Fund's quoted Shariah-compliant investments.

The table below summarises the effect on net income before tax and NAV attributable to the unitholders of the Fund at the end of the reporting period due to possible changes in prices, with all other variables held constant:

Change in price (%)	Effect on net income before tax and NAV attributable to unitholders	
	Increase/(Decrease)	
	31.12.2021	31.12.2020
	RM	RM
+5	174,323	174,991
(5)	<u>(174,323)</u>	<u>(174,991)</u>

(b) Profit rate risk

This risk refers to the effect of profit rate changes on the returns on placements in Islamic money market instruments. In the event of reduction in profit rates, the returns on placements in Islamic money market instruments will decrease, thus affecting the NAV of the Fund. This risk will be minimised via the management of the duration structure of the placements in Islamic money market instruments.

The Fund's exposure to profit rate risk with respect to placements in Islamic money market instruments is not considered to be significant at the end of the reporting period and consequently no sensitivity analysis on profit rate risk has been presented.

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



(c) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund invests in Shariah-compliant equity securities that are denominated in currencies other than the functional currency. Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore subject to foreign exchange risks.

The table below indicates the currencies to which the Fund had significant exposure at the end of the reporting period on its NAV. The analysis shows the currency risk concentration and calculates the effect on NAV attributable to unitholders due to fluctuations in currency rates against the functional currency, with all other variables held constant.

	<b>Currency risk RM</b>	<b>Concentration as a % of NAV</b>	<b>Changes in currency rates %</b>	<b>Effect on net income before tax and NAV attributable to unitholders RM</b>
<b>2021</b>				
USD	793,761	19.46	+5	39,688
SGD	372,171	9.12	+5	18,609
<b>2020</b>				
USD	1,015,482	24.24	+5	50,774

An equivalent decrease in the currency rates shown above would have resulted in an equivalent, but opposite impact.

(ii) Credit risk

The Fund's principal exposure to credit risk arises primarily due to changes in the financial conditions of an issuer or a counterparty to make payment of principals, interest and proceeds from realisation of investments. Such events can lead to loss of capital or delayed or reduced income for the Fund resulting in a reduction in the Fund's NAV and thus, unit price. This risk is mitigated by setting counterparty limits and vigorous credit analyses.

Credit risk is generally arising from Shariah-compliant investments, cash and cash equivalents and other receivables. The maximum exposure to credit risk is presented in the Statement of Financial Position. Cash and cash equivalents are placed in Islamic licensed financial institutions with strong credit ratings. The Investment Committee of the Fund will invest in a diversified portfolio of Shariah-compliant securities that have a track record of consistent and attractive dividend payout policy.

(iii) Liquidity risk

This risk occurs in thinly traded or illiquid Shariah-compliant securities. Should the Fund need to sell a relatively large amount of such Shariah-compliant securities, the act itself may significantly depress the selling price. The risk is minimised by maintaining a prudent level of Islamic liquid assets that allows the Fund to meet daily redemption of units without jeopardising potential returns.

The maturity of the Fund's financial liabilities fall due within three months while the NAV attributable to unitholders are payable on demand.

## (iv) Specific risk

The Fund is exposed to the individual risks of the respective companies issuing Shariah-compliant securities which includes changes to the business performance of the company, consumer tastes and demands, lawsuits and management practices. This risk is minimised through the diversification of the portfolio of Shariah-compliant investments of the Fund.

## (v) Single issuer risk

The Fund's exposure to Shariah-compliant securities issued by any issuer is limited to not more than a certain percentage of the Fund's NAV. Under such restriction, the risk exposure to the Shariah-compliant securities of any issuer is minimised.

## (vi) Shariah status reclassification risk

This risk refers to the risk that the currently held Shariah-compliant equity securities in the Fund may be reclassified as Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council ("SAC") of the Securities Commission Malaysia ("SC"), 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.

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

- (a) to dispose such securities with immediate effect or within one (1) calendar month if the value of the securities exceeds or is equal to the investment cost on the effective date of Reclassification of the List of Shariah-compliant securities ("Reclassification") by the SAC of the SC or the Shariah Adviser. The Fund is allowed to keep dividends received and capital gains from the disposal of the securities up to the effective date of Reclassification. However, any dividends received and excess capital gains from the disposal of the Shariah non-compliant securities after the effective date of Reclassification should be channelled to baitulmal and/or approved charitable bodies;
- (b) to hold such securities if the value of the said securities is below the investment cost on the effective date of Reclassification until the total subsequent dividends received (if any) and the market price of the securities is equal to the cost of investment at which time disposal has to take place within one (1) calendar month, capital gains (if any) from the disposal of the securities should be channelled to baitulmal and/or approved charitable bodies; or
- (c) to dispose such securities at a price lower than the investment cost which will result in a decrease in the Fund's value.

## 20. Operating segment

The Fund is organised into one main operating segment for investment management purposes. The Investment Department takes a team approach to the investment process of the Fund. The decision-making process involves input from the entire team, with each team member (inclusive of analysts) contributing their respective expertise and views to yield fully informed conclusions. The Investment Committee is responsible for ensuring adherence to investment guidelines, both internal and external, as well as to assess strategy and implementation effectiveness, and to oversee the entire investment function. Accordingly, significant operating decisions are based upon the analysis of the Fund as one operating segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

## **21. Capital management**

The Fund's capital comprises unitholders' subscription to the Fund. The unitholders' capital fluctuates according to the daily subscription and redemption of units at the discretion of unitholders.

The Fund aims to achieve its investment objective and at the same time maintain sufficient liquidity to meet unitholders' redemption.

## **CORPORATE INFORMATION**

### **THE MANAGER**

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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 Khiong (Alternate Director to Mr. Lim Wen Sheong)

### **INVESTMENT MANAGER**

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