

CGS Ihsan Income Fund

Annual Report

30 September 2024

CGS IHSAN INCOME FUND

Annual Report for The Financial Year
Ended 30 September 2024

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FUND INFORMATION

Fund Name	CGS Ihsan Income Fund
Fund Category	Fixed Income (Islamic)
Fund Type	Income
Base Currency	Ringgit Malaysia
Financial Year End	30 September
Investment Objective	The Fund aims to provide Unit Holders with regular income and liquidity to meet cash flow requirements whilst maintaining capital preservation by investing in a diversified portfolio of instruments that comply with Shariah principles.
Investment Strategy	The Fund seeks to achieve its objective by investing in sukuk, Islamic money market instruments and Islamic deposits. The Fund also has the flexibility to invest in Islamic collective investment schemes to gain exposure to sukuk, Islamic money market instruments and Islamic deposits.
Benchmark	Maybank's 1-month General Investment Account-I (GIA-i) rate. Source : www.maybank2u.com.my <i>Note: The risk profile of the Fund is not the same as the risk profile of the performance benchmark.</i>
Distribution Policy	Class A and Class B: Depending on the level of income (if any) that the Fund generates, quarterly or any other frequency at the discretion of the Manager.

PERFORMANCE OF THE FUND

CGS IHSAN INCOME FUND ("CGS-IIF")	CLASS A As at 30 September 2024	CLASS B As at 30 September 2024
NAV (RM)	477,281.00	51,268,330.00
NAV per Unit (RM)	1.0155	1.0164
Fund Performance	1.55%	1.64%
Benchmark	0.59%	0.59%

Benchmark: Maybank 1-month GIA

FUND PERFORMANCE REVIEW

Performance of Class A

The Fund had commenced its investment activities on 10 June 2024. As of 30 September 2024, the Fund's NAV recorded at RM477,281.00. The Fund has registered a return of 1.55% since inception, compared to the Fund's benchmark (Maybank 1-month GIA) of 0.59%. This translates to an outperformance of 0.96% against the benchmark for the period under review.

Performance of Class B

The Fund had commenced its investment activities on 10 June 2024. As of 30 September 2024, the Fund's NAV recorded at RM51,268,330.00. The Fund has registered a return of 1.64% since inception, compared to the Fund's benchmark (Maybank 1-month GIA) of 0.59%. This translates to an outperformance of 1.05% against the benchmark for the period under review.

PERFORMANCE DATA

Class A		As At 30 September 2024
NAV	[RM]	477,281.00
Units in Circulation	[Units]	470,000.00
NAV per Unit	[RM]	1.0155
Highest NAV*	[RM]	1.0161
Lowest NAV*	[RM]	0.9996
Total return:		
- Capital Growth	[%]	1.55
- Income Distribution		Nil

The inception date of Class A is 1st September 2023. First NAV is computed on 10th June'2024

Class B		As At 30 September 2024
NAV	[RM]	51,268,330.00
Units in Circulation	[Units]	50,440,780.00
NAV per Unit	[RM]	1.0164
Highest NAV*	[RM]	1.0164
Lowest NAV*	[RM]	0.9996
Total return:		
- Capital Growth	[%]	1.64
- Income Distribution		Nil

The inception date of Class B is 1st September 2023. First NAV is computed on 10th June'2024.

INCOME DISTRIBUTION

No distribution was declared by the Fund over the financial period under review.

FUND COMPOSITION

Fund's asset mix during the period under review:

Asset Class	As at 30 September 2024 (%)
Sukuk	90.81%
Cash & Money Market	9.19%
Total	100.00%

TOTAL RETURN OF THE FUND

Performance as at 30 September 2024

Class A

	1 Year (1/10/23 - 30/9/24)	3 Years (1/10/23 - 30/9/26)	5 Years (1/10/23 - 30/9/28)	Since Inception (1/9/23 - 30/09/24)
Performance	1.55%	nil	nil	1.55%
Benchmark	0.59%	nil	nil	0.59%
Outperformance	0.96%	nil	nil	0.96%

Source: Internal Data

Benchmark Source: <http://www.maybank2u.com.my>

Class B

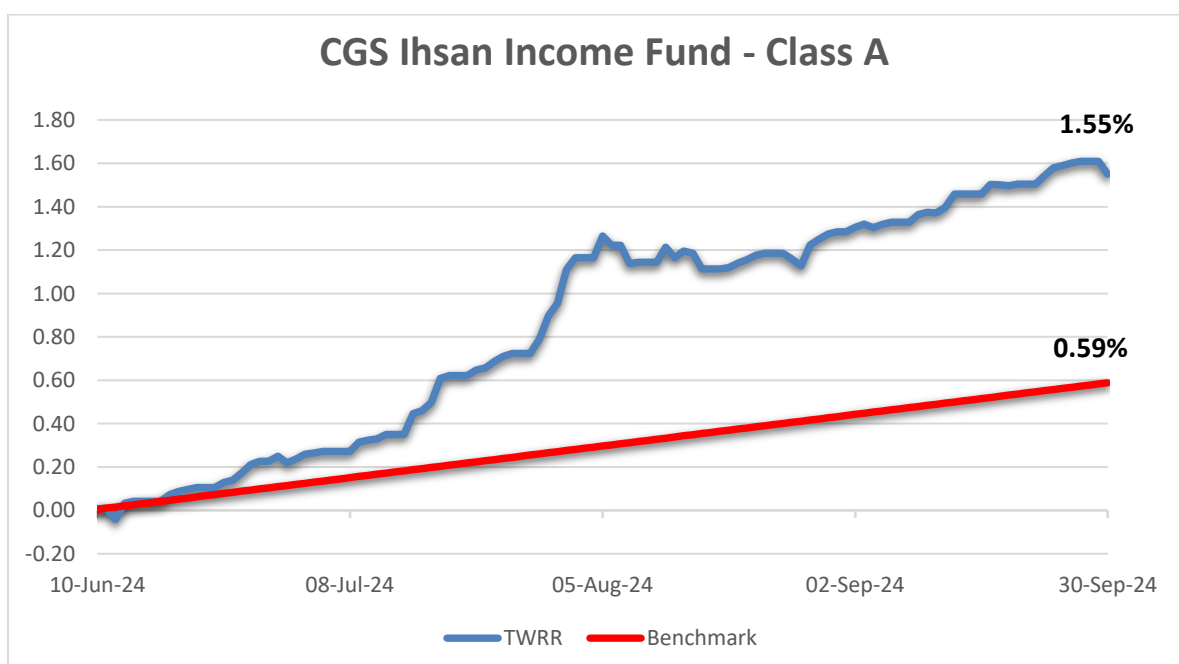
	1 Year (1/10/23 - 30/9/24)	3 Years (1/10/23 - 30/9/26)	5 Years (1/10/23 - 30/9/28)	Since Inception (1/9/23 - 30/9/24)
Performance	1.64%	nil	nil	1.64%
Benchmark	0.59%	nil	nil	0.59%
Outperformance	1.05%	nil	nil	1.05%

Source: Internal Data

Benchmark Source: <http://www.maybank2u.com.my>

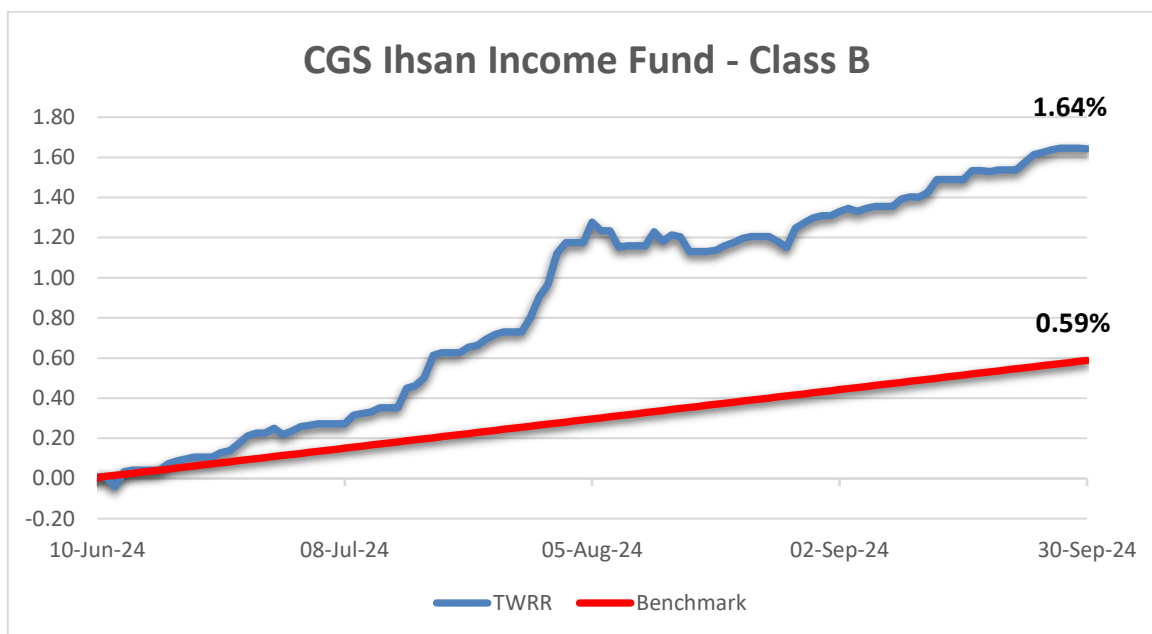
Note: Total return is the actual return of the fund for the respective financial years, computed based on NAV per unit and net of all fees

Fund Performance versus Benchmark for Class A



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

Fund Performance versus Benchmark for Class B



MARKET REVIEW

The Malaysian bond market ended 2023 on a strong note, with positive performance in Malaysia Government Securities (MGS) driven by global market trends. The market was largely influenced by expectations that the US Federal Reserve (Fed) would begin cutting interest rates in 2024. As a result, US Treasury (UST) yields fell significantly, with benchmark yields dropping by 69 to 79 basis points across various tenures in 4Q 2023. This dovish outlook from the Fed had a similar effect on MGS yields, which declined between 9 and 24 basis points across all tenures on a quarter-on-quarter basis.

In the 1Q 2024, the Malaysian bond market experienced mixed performance. At the start of the year, bond prices rallied as yields fell in response to optimistic sentiment regarding the domestic economy and expectations of US rate cuts. However, stronger-than-expected US inflation data disrupted market optimism, signaling that interest rates might remain elevated for longer. This shift in outlook caused US Treasury yields to rise, and the Malaysian bond market followed suit, with MGS yields trending upward. Investors, uncertain about the future path of interest rates and concerned about geopolitical tensions in the Middle East, adopted a more cautious stance. Despite this, demand for longer-duration and Islamic bonds remained strong, supporting the market.

Meanwhile, the bond market faced increased volatility in 2Q 2024 as expectations regarding US Federal Reserve rate cuts shifted. By the end of April, the market anticipated up to two rate cuts in 2024, compared to only one earlier in the year. Despite this uncertainty, the Malaysian bond market rebounded in May and June, with strong performance in both primary and secondary markets. US Treasury yields fluctuated, rising by 13 to 21 basis points across all tenures, but MGS yields moved at a more moderate pace, increasing by just 1 to 6 basis points. The market's stability was underpinned by ongoing strong demand, particularly for Islamic bonds.

The 3Q 2024 saw a significant shift in the global bond market, with US Treasury yields falling sharply after the US Federal Reserve initiated its rate-cut cycle. In response to signs of a cooling labor market, the Fed reduced its key interest rate by 50 basis points, prompting a decline in US Treasury yields by 48 to 110 basis points. Malaysian government bond yields followed this trend, with MGS yields dropping between 8 and 20 basis points. However, the bond market faced some challenges towards the end of the quarter, as a stronger-than-expected US labor market report raised doubts about an economic slowdown. This led to revised expectations of a smaller 25 basis point rate cut by the Fed in November, which caused MGS yields to rise by 1 to 4 basis points post FOMC meeting. Despite

these fluctuations, Malaysia's economic outlook remained positive, with GDP growth projected to reach 5.3% for 3Q 2024.

On y-o-y basis, the overall MGS, benchmark yields decreased by 19 bps to 27 bps with 3-, 5-, 7-, 10-, 15- and 20-years closed at 3.34%, 3.50%, 3.68%, 3.71%, 3.88% and 4.04% respectively as at 30 September 2024. Similarly, the GII-segment also closed lower by 20 bps to 30 bps with the 3-, 5-, 7-, 10-, 15- and 20-years at 3.32%, 3.50%, 3.69%, 3.75%, 3.91% and 4.04% respectively.

MARKET OUTLOOK AND INVESTMENT STRATEGY

As we move through 2024, Malaysia's economy has shown solid performance, with GDP growth of 4.2% in Q1 and 5.9% in Q2, surpassing expectations and setting a positive tone for the rest of the year. Economic growth is projected to remain stable, with GDP forecasts for the full year ranging between 4.5% and 5.5%. This steady expansion is expected to be driven by strong domestic consumption, supported by resilient consumer spending and an ongoing recovery in exports. Meanwhile, inflation remains well-controlled, providing a favorable environment for the Malaysian bond market. Bank Negara Malaysia (BNM) is likely to maintain its accommodative stance, keeping the Overnight Policy Rate (OPR) at 3.00% in the near term to support economic activity and provide liquidity to the market.

The Malaysian bond market will be influenced by US interest rate movements, especially if the US Federal Reserve begins to cut rates in response to a cooling economy. A reduction in US rates could push global yields lower, including Malaysian bond yields, offering potential opportunities for capital appreciation. Softer-than-expected US inflation and dovish Fed remarks suggest that rate cuts may be on the horizon. However, risks remain, including geopolitical tensions, particularly in the Middle East, and the upcoming US presidential election, which could create volatility and potentially impact Malaysian bond yields.

Given the current market conditions and economic outlook, our strategy remains focused on high-quality sukuk, with an emphasis on attractive valuations and strong credit quality. We will continue to maintain a medium-duration portfolio, balancing yield opportunities with risk mitigation. While we are cautiously optimistic about the potential for positive returns in the latter half of 2024, we will also remain vigilant for any changes in global economic and political dynamics that could impact the bond market.

**TRUSTEE'S REPORT
TO THE UNIT HOLDERS OF CGS IHSAN INCOME FUND ("Fund")**

We have acted as Trustee of the Fund for the financial period from 1 September 2023 (date of launch) to 30 September 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, CGS International Wealth Management Malaysia Sdn Bhd has operated and managed the Fund during the period covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Manager under the deed(s), the Securities Commission Malaysia Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;
2. Valuation and pricing are carried out in accordance with the deed(s) and any regulatory requirement; and
3. Any creation and cancellation of units are carried out in accordance with the deed(s) and any regulatory requirement.

For and on behalf of
SCBMB Trustee Berhad
(Company No: 201201021301 (1005793T))



Levina Lim
Trustee Services Manager



Lor Yuen Ching
Trustee Services Manager

Kuala Lumpur, Malaysia
29 NOV 2024

**STATEMENT BY THE SHARIAH ADVISER
TO THE UNIT HOLDERS OF CGS IHSAN INCOME FUND (“FUND”)**

I hereby confirm the following:

1. To the best of my knowledge, after having made all reasonable enquiries, CGS International Wealth Management Malaysia Sdn Bhd has operated and managed the Fund during the period from 1 September 2023 (date of launch) to 30 September 2024 covered by these financial statements in accordance with the Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commissions Malaysia (“SC”) pertaining to Shariah matters; and
2. The asset of the Fund comprises instruments that have been classified as Shariah-compliant.



Professor Dato' Dr. Aznan Hasan

Kuala Lumpur, Malaysia
29 November 2024

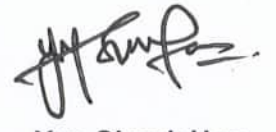
STATEMENT BY THE MANAGER

We, Yong Yuen Fatt and Yap Shook Han, being two of the directors of CGS International Wealth Management Malaysia Sdn Bhd, do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of CGS Ihsan Income Fund as at 30 September 2024 and of its financial performance and cash flows for the financial period from 1 September 2023 (date of launch) to 30 September 2024 and comply with the requirements of the Deed.

For and on behalf of the Manager
CGS International Wealth Management Malaysia Sdn Bhd



Yong Yuen Fatt
Executive Director



Yap Shook Han
Executive Director

Kuala Lumpur, Malaysia
29 November 2024

Independent auditors' report to the unit holders of CGS Ihsan Income Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CGS Ihsan Income Fund (the "Fund"), which comprise the statement of financial position as at 30 September 2024, and the statement of comprehensive income, statement of changes in net asset value attributable to unit holders and statement of cash flows of the Fund for the financial period from 1 September 2023 (date of launch) to 30 September 2024, and notes to the financial statements, including material accounting policy information, as set out on pages 12 to 31.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 September 2024, and of its financial performance and cash flows for the financial period from 1 September 2023 (date of launch) to 30 September 2024 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 audit opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence 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 (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent auditors' report to the unit holders of CGS Ihsan Income Fund (contd.)

Information other than the financial statements and auditors' report thereon (contd.)

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and the Trustee for the financial statements

The Manager is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

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

Independent auditors' report to the unit holders of CGS Ihsan Income Fund (contd.)

Auditors' responsibilities for the audit of the financial statements (contd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of 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 of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Independent auditors' report to the unit holders of
CGS Ihsan Income Fund (contd.)**

Other matters

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants



Yap Kah Foo
No.03574/05/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
29 November 2024

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 (DATE OF LAUNCH)
TO 30 SEPTEMBER 2024**

	Note	01.09.2023 (date of launch) to 30.09.2024 RM
INVESTMENT INCOME		
Profit income	3	583,892
Net gain from financial assets at fair value through profit or loss ("FVTPL"):		
- Realised gain		41,821
- Unrealised gain		225,449
		851,162
EXPENSES		
Manager's fee	4	39,775
Trustee's fee	5	3,004
Auditors' remuneration		12,000
Tax agent's fee		5,000
Administrative expenses		2,685
		62,464
NET INCOME BEFORE TAX		788,698
Income tax	6	-
NET INCREASE IN NET ASSETS VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS FOR THE FINANCIAL PERIOD		788,698
Net gain after tax is made up as follows:		
Realised gain		563,249
Unrealised gain		225,449
		788,698

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024**

	Note	30.09.2024 RM
ASSETS		
INVESTMENTS		
Financial assets at FVTPL	7	47,022,770
Shariah-compliant deposits with licensed Islamic financial institutions	8	4,750,597
		<u>51,773,367</u>
OTHER ASSETS		
Profit receivables		2,465
Cash at bank		5,086
		<u>7,551</u>
TOTAL ASSETS		<u>51,780,918</u>
LIABILITIES		
Amount due to Manager		14,570
Amount due to Trustee		2,077
Other payables		18,660
TOTAL LIABILITIES (EXCLUDING NAV ATTRIBUTABLE TO UNIT HOLDERS)		<u>35,307</u>
NAV ATTRIBUTABLE TO UNIT HOLDERS		<u>51,745,611</u>
TOTAL LIABILITIES		<u>51,780,918</u>
NAV ATTRIBUTABLE TO UNIT HOLDERS COMPRISE:		
- Class A	9	477,281
- Class B	9	51,268,330
		<u>51,745,611</u>
NUMBER OF UNITS IN CIRCULATION		
- Class A	9(a)	470,000
- Class B	9(a)	50,440,780
		<u>50,910,780</u>
NAV PER UNIT IN RM		
- Class A		1.0155
- Class B		<u>1.0164</u>

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

**STATEMENT OF CHANGES IN NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 (DATE OF LAUNCH)
TO 30 SEPTEMBER 2024**

	Unit holders contribution RM	Retained earnings (Note 9b and 9c) RM	Total RM
At 1 September 2023 (date of launch)	-	-	-
Creation of units			
- Class A	470,000	-	470,000
- Class B	50,516,955	-	50,516,955
	50,986,955	-	50,986,955
Cancellation of units			
- Class A	-	-	-
- Class B	(30,042)	-	(30,042)
	(30,042)	-	(30,042)
Total comprehensive income during the financial period			
- Class A	-	7,281	7,281
- Class B	-	781,417	781,417
	-	788,698	788,698
At 30 September 2024	<u>50,956,913</u>	<u>788,698</u>	<u>51,745,611</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 (DATE OF LAUNCH)
TO 30 SEPTEMBER 2024**

**01.09.2023
(date of launch) to
30.09.2024
RM**

**CASH FLOWS FROM OPERATING AND
INVESTING ACTIVITIES**

Profit received from Shariah-compliant deposits with licensed Islamic financial institutions	69,292
Profit received from Sukuk	358,892
Purchase of financial assets at FVTPL	(56,769,367)
Proceeds from sale of financial assets at FVTPL	10,167,111
Manager's fees paid	(25,205)
Trustee's fee paid	(927)
Payment for other fees and expenses	(1,026)
Cash used in operating and investing activities	<u>(46,201,230)</u>
Income tax paid	-
Net cash used in operating and investing activities	<u>(46,201,230)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Cash received from units created	50,986,955
Cash paid on units cancelled	(30,042)
Net cash generated from financing activities	<u>50,956,913</u>

**NET INCREASE IN CASH AND CASH
EQUIVALENTS**

4,755,683

**CASH AND CASH EQUIVALENTS AT
BEGINNING OF THE FINANCIAL PERIOD**

-

**CASH AND CASH EQUIVALENTS AT END OF
THE FINANCIAL PERIOD**

4,755,683

Cash and cash equivalents comprise:

Cash at bank	5,086
Shariah-compliant deposits with licensed Islamic financial institutions	4,750,597
	<u>4,755,683</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 (DATE OF LAUNCH)
TO 30 SEPTEMBER 2024**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

CGS Ihsan Income Fund (the “Fund”) was constituted pursuant to the executed Deed dated 29 August 2023 between CGS International Wealth Management Malaysia Sdn Bhd (the “Manager”), and SCBMB Trustee Berhad (the “Trustee”). The Fund commenced operations on 22 September 2023 and will continue to be in operation until terminated as provided under Part 11 of the Deed.

The Manager is a wholly-owned subsidiary of CGS International Securities Malaysia Sdn Bhd (“CGS MY”) and has the principal activity of fund management in relation to portfolio management and provision of investment advice. The Fund is also deemed controlled by CGS MY based on the units held as at the financial period, as disclosed in Note 10.

The principal place of business of the Manager is Level 29, Menara Aras Raya, No. 11, Jalan Raja Laut, 50350 Kuala Lumpur.

The Fund seeks to provide unit holders with regular income and liquidity to meet cash flow requirements whilst maintaining capital preservation by investing in a diversified portfolio of instruments that comply with Shariah principles. To achieve the objective of the Fund, it will invest in sukuk, Islamic money market instruments, Islamic deposits and/or Islamic collective investment schemes. Additionally, the Fund may also invest in unrated sukuk, Islamic structured products and the aforesaid investments in any Eligible Market globally to capture income opportunities.

The financial statements were authorised for issue by the Directors of the Manager on 29 November 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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”) and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

b. Standards and Amendments to Standards issued but not yet effective

The adoption of the following MFRS and amendments to MFRS which became effective during the financial period did not have any material financial impact to the financial statements

Description	Effective for financial periods beginning on or after
MFRS 17 <i>Insurance Contracts</i> and Amendments to MFRS 17	1 January 2023
Initial application of MFRS 17 and MFRS 9 – <i>Comparative information</i> (Amendments to MFRS 17 <i>Insurance Contracts</i>)	1 January 2023
Amendments to MFRS 101: <i>Presentation of Financial Statements: Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Accounting Policies, Changes in Accounting Estimate and Errors: Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes: International Tax Reform – Pilar Two Model Rules</i>	1 January 2023

c. Amendments to standard issued but not yet effective

As at the reporting date, the following amendments to standards that have been issued by MASB will be effective for the Fund in future financial periods. The Fund intends to adopt the relevant amendments to standards when they become effective.

Description	Effective for financial periods beginning on or after
Amendments to MFRS 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7: <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121: <i>Lack of Exchangeability</i>	1 January 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

c. Amendments to standard issued but not yet effective (contd.)

Description	Effective for financial periods beginning on or after
Amendments that are part of Annual Improvements – Volume 11: <ul style="list-style-type: none">• Amendments to MFRS 1: <i>First-time Adoption of Malaysian Financial Reporting Standard</i>• Amendments to MFRS 7: <i>Financial Instruments: Disclosures</i>• Amendments to MFRS 9: <i>Financial Instruments</i>• Amendments to MFRS 10: <i>Consolidated Financial Standards</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
MFRS 18: <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Withdrawal of MFRS 101: <i>Presentation of Financial Statements</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be announced by MASB

These MFRSs and amendments to MFRSs are not expected to have any material impact to the financial statements of the Fund upon their initial application.

d. Financial instruments

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

i. Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 3(c)(ii) and (iii).

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

d. Financial instruments (contd.)

ii. Measurement categories of financial assets and liabilities

The Fund classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- Fair value through other comprehensive income; and
- Fair value through profit or loss.

The Fund may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial assets are initially measured at their fair values plus, except in the case of financial assets recorded at FVTPL, transaction costs.

The Fund's other financial assets include cash at bank, Shariah-compliant deposits with licensed Islamic financial institutions and other receivables.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

The Fund's other financial liabilities include amount due to manager, amount due to trustee, other payables and NAV attributable to unit holders.

Other financial liabilities are recognised and initially measured at fair values, net of directly attributable transaction costs and subsequently measured at amortised cost using the effective profit rate ("EPR"). Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

iii. Cash at bank, Shariah-compliant deposits with licensed Islamic financial institutions and other receivables at amortised cost

The Fund only measures the cash at bank, Shariah-compliant deposits with licensed Islamic financial institutions and other receivables at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

d. Financial instruments (contd.)

iii. Cash at bank, Shariah-compliant deposits with licensed Islamic financial institutions and other receivables at amortised cost (contd.)

The details of these conditions are outlined below.

Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of sales are also important aspects of the Fund's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward, unless it has been determined that there has been a change in the original business model.

The SPPI test

As a second step of its classification process, the Fund assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation/accretion of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

d. Financial instruments (contd.)

iii. Cash at bank, Shariah-compliant deposits with licensed Islamic financial institutions and other receivables at amortised cost (contd.)

The SPPI test (contd.)

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

iv. Financial assets at FVTPL – Investment in Sukuk

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition, or are mandatorily required to be measured at fair value under MFRS 9. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

e. Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is recognized when the rights to receive cash flows from the financial asset have expired. The Fund also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Fund has transferred the financial asset if, and only if, either:

- The Fund has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Fund retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Fund has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued profit at market rates;
- The Fund cannot sell or pledge the original asset other than as security to the eventual recipients; and

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

e. Derecognition of financial assets (contd.)

- The Fund has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Fund is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including profit earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Fund has transferred substantially all the risks and rewards of the asset; or
- The Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Fund considers control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Fund has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Fund's continuing involvement, in which case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Fund could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Fund would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

f. Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis and to realise the assets and settle the liabilities simultaneously.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

g. Impairment of financial assets

i. Overview of the expected credit loss (“ECL”) principles

The Fund recognises its receivables impairment using the forward-looking ECL approach in accordance with the requirements of MFRS 9. ECL allowances on financial instruments that are not measured at FVTPL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate.

ii. Write-offs

Financial assets are written off either partially or in their entirety only when the Fund has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

h. Income

Income is realised 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 realised using the effective profit method.

Dividend income is realised on declared basis, when the right to receive the distribution is established. The income is presented gross of withholding tax which is disclosed separately.

The realised gain or loss on sale of financial assets at FVTPL is measured as the difference between the net disposal proceeds and the carrying amount of the investments.

i. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank and Shariah-compliant deposits with licensed Islamic financial institutions with maturities of three months or less, which have an insignificant risk of changes in value.

j. Income tax

Income tax on the profit or loss for the financial period comprises current tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial period.

As no temporary differences have been identified, no deferred tax has been recognized.

The Fund may also incur withholding taxes on income received on the financial instrument.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTD.)

k. Unrealised reserves

Unrealised reserves represent the net gain or loss arising from carrying investments at their fair values and unrealised gain or loss from translating foreign currency monetary items at exchange rates prevailing at reporting date. This reserve is not distributable.

l. NAV attributable to unit holders

The unit holders' contribution to the Fund is classified as liabilities under the requirements of MFRS 132 Financial Instruments: Presentation.

m. 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.

n. 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.

A proposed distribution is recognised as a liability in the financial period in which it is approved. Distribution is either reinvested or paid in cash to the unitholders on the distribution payment date. Reinvestment of units is based on the NAV per unit on the distribution payment date, which is also the time of creation.

o. Significant accounting judgements and estimates

The preparation of financial statements requires the use of certain accounting estimates and exercise of judgement. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

i. Critical judgements made in applying accounting policies

There are no major judgements made by the Manager in applying the Fund's accounting policies.

ii. Key sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3. PROFIT INCOME

	01.09.2023 (date of launch) to 30.09.2024 RM
Profit income from investment in sukuk	71,757
Profit income from Shariah-compliant deposits with licensed Islamic financial institution	552,005
Amortisation of premium, net of accretion of discount	(39,870)
	<u>583,892</u>

4. MANAGER'S FEE

The Manager's fee is calculated and accrued on a daily basis at a rate up to 0.50% per annum of the NAV of Class A and up to 0.35% per annum of the NAV of Class B as provided under Division 12.1 of the Deed.

The Manager is currently charging Manager's fee of 0.50% per annum of the NAV of the Class A Fund, while 0.35% per annum of the NAV of Class B Fund.

5. TRUSTEE'S FEE

The Trustee's fee is calculated on a daily basis at a rate not exceeding 0.05% per annum of the NAV of the Fund as provided under Division 12.2 of the Deed.

The Trustee's fee is currently calculated at 0.025% per annum of the NAV of the Fund.

6. INCOME TAX

	01.09.2023 (date of launch) to 30.09.2024 RM
Tax charge for the financial period:	
Current income tax expense	<u>-</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable income for the financial period.

The tax charge for the financial period is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, the profit income earned by the Fund from its investments in sukuk and Shariah-compliant deposits with licensed Islamic financial institutions is exempted from tax.

6. INCOME TAX (CONTD.)

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

	01.09.2023 (date of launch) to 30.09.2024 RM
Net income before taxation	<u>788,698</u>
Tax at Malaysian statutory tax rate of 24%	189,288
Income not subject to tax	(213,848)
Expenses not deductible for tax purposes	13,377
Restriction on tax deductible expenses	<u>11,183</u>
Tax expense for the financial period	<u>-</u>

7. FINANCIAL ASSETS AT FVTPL

	30.09.2024 RM
Financial assets held for trading, at FVTPL:	
Investment in sukuk	<u>47,022,770</u>

Details of financial assets at FVTPL as at 30 September 2024:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
Investment in Sukuk				
Bank & Financial Services				
Bank Islam Malaysia Bhd				
- 4.13% / 15.07.2031	5,000,000	5,043,871	5,106,229	9.82
VS Capital Management Sdn Bhd				
- 4.74% / 21.09.2027	5,000,000	<u>5,109,550</u>	<u>5,120,143</u>	9.92
		<u>10,153,421</u>	<u>10,226,372</u>	<u>19.74</u>

7. FINANCIAL ASSETS AT FVTPL (CONTD.)

Details of financial assets at FVTPL as at 30 September 2024 (contd.):

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
Manufacturing				
Lafarge Malayan Cement Bhd				
- 5.05% / 26.06.2028	5,000,000	5,240,656	5,259,703	10.07
PONSB Capital Bhd				
- 4.10% / 28.05.2031	5,000,000	5,102,959	5,129,267	9.81
Toyota Capital Bhd				
- 4.14% / 16.08.2030	5,000,000	5,078,435	5,088,888	9.82
		<u>15,422,050</u>	<u>15,477,858</u>	<u>29.70</u>
Power Generation				
YTL Power International Bhd				
- 4.99% / 24.03.2033	5,000,000	5,347,048	5,358,585	10.38
Property & Casualty Insurance				
MNRB Holding Bhd				
- 4.46% / 22.03.2034	5,000,000	5,077,026	5,106,249	9.89
Real Estate				
UEM Sunrise Bhd				
- 4.84% / 14.02.2034	5,000,000	5,357,522	5,357,875	10.33
Utilities				
Pengurusan Air Selangor Sdn Bhd				
- 4.74% / 11.10.2038	5,000,000	5,440,254	5,495,831	10.44
Total financial assets at FVTPL		<u>46,797,321</u>	<u>47,022,770</u>	<u>90.49</u>
Unrealised gain on financial assets at FVTPL			<u>225,449</u>	

8. SHARIAH COMPLIANT DEPOSITS WITH LICENSED ISLAMIC FINANCIAL INSTITUTIONS

Shariah-compliant deposits are held with licensed Islamic financial institutions in Malaysia at the prevailing profit rates with maturity of less than 3 months.

The weighted average effective profit rates ("WAEPR") per annum and average maturity of Shariah-compliant deposits with licensed Islamic financial institutions as at the reporting date are 3.03% and 15 days, respectively.

9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND

	Note	Class A RM	Class B RM
30.09.2024			
Unitholders contribution		470,000	50,486,913
Accumulated realised reserve	(b)	5,200	558,049
Accumulated unrealised reserve	(c)	2,081	223,368
At end of the financial period		<u>477,281</u>	<u>51,268,330</u>

(a) Units in circulation

	Class A No. of units	Class B No. of units
2024		
At the date of launch	-	-
Add: Creation of units	470,000	50,470,425
Less: Cancellation of units	-	(29,645)
At end of the financial period	<u>470,000</u>	<u>50,440,780</u>

(b) Accumulated realised reserve - Distributable

	Class A RM	Class B RM
2024		
At the date of launch	-	-
Net realised income for the financial period	5,200	558,049
At end of the financial period	<u>5,200</u>	<u>558,049</u>

(c) Accumulated unrealised reserve – Non distributable

	Class A RM	Class B RM
2024		
At the date of launch	-	-
Net unrealised income for the financial period	2,081	223,368
At end of the financial period	<u>2,081</u>	<u>223,368</u>

10. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of these financial statements, parties are considered to be related to the Fund or the Manager if the Fund or the Manager has the ability directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Fund or the Manager and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

Related parties	Relationship
Centrul Huijin Investment Ltd.	Ultimate holding company
CGS International Holding Limited (“CGI”)	Penultimate holding company
CGS International Securities Group Malaysia Sdn Bhd (“CGSI MY”)	Intermediate holding company
CGS International Securities Malaysia Sdn Bhd	Immediate holding company
Subsidiaries and associates of CGI and CGSI MY	Related companies

The related party transactions and balances, in addition to those disclosed elsewhere in the financial statements, are as follows:

	30.09.2024	30.09.2024
	No. of units	RM
Units held by CGS MY		
Class A	470,000	477,281
Class B	46,530,000	47,293,388
	<u>47,000,000</u>	<u>47,770,669</u>

The Manager did not hold any units in the Fund, either legally or beneficially, as at 30 September 2024.

11. PORTFOLIO TURNOVER RATIO (“PTR”)

PTR for the financial period from 1 September 2023 (date of launch) to 30 September 2024 is 0.69 times.

PTR is the ratio of average sum of acquisitions and disposals of investments of the Fund for the financial period to the average NAV of the Fund, calculated on a daily basis.

12. TOTAL EXPENSE RATIO (“TER”)

TER for the financial period from 1 September 2023 (date of launch) to 30 September 2024 is 0.13%.

TER is the ratio of total fees and recovered expenses of the Fund expressed as a percentage of the Fund’s average NAV, calculated on a daily basis.

13. TRANSACTIONS WITH LICENSED FINANCIAL INSTITUTIONS

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

	Value of trade RM	Percentage of total %
Hong Leong Bank Berhad	20,713,049	30.94
RHB Investment Bank Berhad	20,703,559	30.93
CIMB Bank Berhad	15,453,225	23.09
Affin Bank Berhad	5,066,645	7.57
Bank Islam Malaysia Berhad	5,000,000	7.47
	<u>66,936,478</u>	<u>100.0</u>

The above transactions values are in respect of investments in sukuk.

	Value of placements RM	Percentage of total %
CIMB Islamic Bank Berhad	120,244,375	56.62
RHB Islamic Bank Berhad	53,188,558	25.04
UOB Malaysia Berhad	15,003,575	7.06
Kuwait Finance House	10,623,531	5.01
UOB Malaysia Berhad – SPI	9,964,830	4.69
MBSB Bank Berhad	3,356,715	1.58
	<u>212,381,584</u>	<u>100.0</u>

The above transactions values are in respect of Shariah-compliant deposits with licensed Islamic financial institution.

14. SEGMENTAL REPORTING

In accordance with the objective of the Fund, the Fund will invest at least 80% of its NAV in sukuk, Islamic money market instruments, Islamic deposits and/or Islamic collective investment schemes in order to provide unit holders with regular income and liquidity to meet cash flow requirements whilst maintaining capital preservation in accordance to Shariah principles.

The internal reporting of the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS.

There were no changes in the reportable operating segments during the financial period.

15. FINANCIAL INSTRUMENTS

a. Classification of financial instruments

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The material accounting policy information in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The following table analyses the financial assets and financial liabilities of the Fund in the statement of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis.

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Other financial liabilities RM	Total RM
30.09.2024				
Assets				
Investment in sukuk Shariah-compliant deposits with licensed Islamic financial institutions	47,022,770	-	-	47,022,770
Profit receivables	-	4,750,597	-	4,750,597
Cash at bank	-	2,465	-	2,465
	-	5,086	-	5,086
	<u>47,022,770</u>	<u>4,758,148</u>	<u>-</u>	<u>51,780,918</u>
Liabilities				
Amount due to Manager	-	-	14,570	14,570
Amount due to Trustee	-	-	2,077	2,077
Other payables	-	-	18,660	18,660
NAV attributable to unit holders	-	-	51,745,611	51,745,611
	<u>-</u>	<u>-</u>	<u>51,780,918</u>	<u>51,780,918</u>

15. FINANCIAL INSTRUMENTS (CONTD.)

b. Financial instruments that are carried at fair value

The Fund's financial assets at FVTPL are carried at fair value.

The following table shows the fair value measurements by level of the fair value measurement hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Investments:				
30.09.2024				
Investment in sukuk	-	47,022,770	-	47,022,770

Level 1: Listed prices in active market

Level 2: Model with all significant inputs which are observable market data

Level 3: Model with inputs not based on observable market data

The Fund's financial assets at FVTPL are carried at fair value and revalued on a daily basis based on fair value prices quoted by Bond Pricing Agency Malaysia Sdn Bhd.

c. Financial instruments not carried at fair value and for which their carrying amounts are reasonable approximations of fair value

The carrying amounts of the Fund's other financial assets and financial liabilities are not carried at fair value but approximate fair values due to the relatively short term maturity of these financial instruments.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of 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 instruments, the Manager and the Trustee would like to highlight that this list does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

The Fund has an approved set of investment guidelines and policies as well as internal controls which sets out its overall business strategies to manage these risks to optimise returns and preserve capital for the unit holders, consistent with the long term objectives of the Fund.

a. Market risk

Market risk is the risk that the fair value or future cash flows of a Shariah-compliant financial instrument will fluctuate because of changes in market prices. Market risk includes profit rate risk.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

a. Market risk (contd.)

Market risk arises when the value of the investments fluctuates in response to the activities of individual companies, general market or economic conditions. It stems from the fact that there are economy-wide perils, which threaten all businesses. Hence, investors are exposed to market uncertainties. Fluctuation in the investments' prices caused by uncertainties in the economic, political and social environment will affect the NAV of the Fund. The Manager manages the risk of unfavourable changes in prices by cautious review of the investments and continuous monitoring of their performance and risk profiles.

i. Profit rate risk

Profit rate risk refers to how the changes in the profit rate environment would affect the valuation of Shariah-compliant instruments. In the event of a rising interest rate environment, the performance of Shariah-compliant instruments may decrease, and vice versa. Profit rate offered by the financial institutions will fluctuate according to the Overnight Policy Rate determined by Bank Negara Malaysia and this will have an impact on the investment decisions of the Fund. It does not in any way suggest that the Fund will invest in conventional financial instruments.

The Fund's exposure to the profit rate risk is mainly confined to unlisted sukuk.

Profit rate risk sensitivity

The following table demonstrates the sensitivity of the Fund's income for the financial period to a reasonably possible change in profit rate, with all other variables held constant.

	Changes in profit rates Increase/(Decrease) Basis points	Effects on profit for the financial period (Decrease)/increase RM
30.09.2024		
Financial assets at FVTPL	25/(25)	(715,884)/731,004

In practice, the actual trading results may differ from the sensitivity analysis above and the difference could be material.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

b. Credit risk

Credit risk is the risk that the counterparty to a Shariah-compliant financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

i. Credit risk exposure

As at the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statement of financial position.

ii. Financial assets that are either past due or impaired

As at the reporting date, there are no financial assets that are either past due or impaired.

iii. Credit quality of financial assets

The Fund invests in unlisted sukuk with at least investment grade credit rating by a credit rating agency and deposits with financial institutions licensed under the Deed, the Financial Services Act 2013 and Islamic Financial Services Act 2013. The following table analyses the licensed financial institutions by rating category:

Financial assets at FVTPL - Investment in Sukuk

Rating	Percentage of total unlisted sukuk 30.09.2024 %	Percentage of NAV 30.09.2024 %
AAA	22.5	20.5
AA1/AA+	11.4	10.4
AA2/AA	21.8	19.8
AA3/AA-	33.4	30.4
A1/A+	10.9	9.9

Shariah-compliant deposits with licensed Islamic financial institutions

Rating	Percentage of total Shariah-compliant deposits 30.09.2024 %	Percentage of NAV 30.09.2024 %
AAA	29.4	2.7
AA1/AA+	38.0	3.5
A1/A+	32.6	3.0

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

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 to be settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or cancel its units earlier than expected. The Fund is exposed to cancellation of its units on a regular basis. Units sold to unit holders by the Manager are cancellable at the unit holders' option based on the Fund's NAV per unit at the time of cancellation calculated in accordance with the Deed.

The liquid assets comprise cash at bank, Shariah-compliant deposits with licensed Islamic financial institutions and other instruments, which are capable of being converted into cash within 7 days.

The following table analyses the maturity profile of the Fund's financial liabilities in order to provide a complete view of the Fund's contractual commitments and liquidity.

	Note	Up to 1 year RM	No maturity RM	Total RM
30.09.3024				
Financial liabilities				
Amount due to Manager		14,570	-	14,570
Amount due to Trustee		2,077	-	2,077
NAV attributable to unit holders		51,745,611	-	51,745,611
Other payables		18,660	-	18,660
Total undiscounted liabilities		<u>51,780,918</u>	<u>-</u>	<u>51,780,918</u>

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the date on which liabilities will be settled. When the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

As the unit holders can request for redemption of their units, they have been categorised as having a maturity of "up to 1 year".

17. CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for creation and cancellation of units 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 prospectus;
- b. To maintain sufficient liquidity to meet the expenses of the Fund, and to meet cancellation requests as they arise; and
- c. To maintain sufficient fund size to make the operations of the Fund cost-efficient.

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

18. COMPARATIVES

There are no comparative figures presented as this is the Fund's first reporting period since the Fund was launched on 1 September 2023.

**CGS International Wealth Management Malaysia Sdn. Bhd.
(formerly known as CGS-CIMB Wealth Management Sdn. Bhd.)**

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

