



**OPUS SRI SUKUK FUND
(OPUS SRI)**

ANNUAL REPORT 2022

**FOR FINANCIAL PERIOD FROM
11 NOVEMBER 2021 (DATE OF LAUNCH)
TO 30 SEPTEMBER 2022**

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OPUS SRI SUKUK FUND

MANAGER'S REPORT - FOR FINANCIAL PERIOD FROM

11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022

Market Review, Outlook and Strategy

Market Review

The global economic recovery has been gradually eroded by rising recession risks and tighter monetary policy throughout 3Q22. The balance of risks for sustained growth are tilted to the downside as various economies face dual headwinds in the form of elevated inflation and the subsequent monetary tightening response. Growing in importance is also the strengthening of the US Dollar (USD) against a basket of currencies worldwide, causing major losses on emerging markets and countries with low interest rates.

Inflation is still elevated in the global economy, reflected by Consumer Price Index (CPI) readings that were uncomfortably high with both the Eurozone economies and the US seeing headline inflation well north of 8% throughout 3Q22. However, there is slight comfort as food and fuel prices eased, albeit only marginally, from the peaks in 2Q22 while shipping prices were seen to be normalising towards usual levels.

Economic indicators weakened throughout 3Q22, as the high commodity prices and steeper monetary tightening led to a contraction in global economic activity for the first time since June 2020. Looking ahead, recession risks have risen in line with the deterioration in the global economic outlook. For the US and Eurozone economies, the probability of a recession within the next 12 months has increased materially, due to European energy supply issues while the US will remain affected by aggressive interest rate hikes.

The fight against inflation continued as central banks worldwide engaged in synchronised monetary tightening. However, the US Federal Reserve (Fed) was the focus of attention after surprising markets with a hawkish dot plot that saw a higher Fed Fund Rate (FFR) by end-2022 from 3.4% to 4.4%. We note that the Bank of Japan (BoJ) and the People's Bank of China (PBOC) were still outliers in the monetary policy world as both central banks maintained their easing stance.

Domestically, Malaysian inflation outlook was lower than the Southeast Asia average but still rose substantially to +4.7% YoY in August (July: +4.4% YoY). The uptrend in food prices was a key driver in Malaysian headline CPI reaching +3.1% Year-to-Date (YTD) on a YoY basis up till August. While YTD inflation still lies within Bank Negara Malaysia's target range of 2.2% - 3.2%, the chances of inflation exceeding the 3.2% level is heavily dependent on how quickly the impact of softening agricultural prices filters through to Malaysia.

Malaysia's economic recovery gathered steam as 2Q22 Gross Domestic Product (GDP) growth of +8.9% YoY significantly exceeded the consensus of +7% YoY. Malaysian economic fundamentals remain supported by its status as a major commodity exporter and resilient external trade numbers, although commodities are highly sensitive to global economic slowdowns. For the rest of 2022, Malaysia appears well positioned to continue its recovery as tailwinds from a low base effect although further into 2023, the outlook is softer due to the global slowdown.

The Malaysian Ringgit was not immune to rising USD strength, depreciating ~11.5% YTD against the US dollar, although we derive comfort from the appreciation of the ringgit against other Emerging Market (EM) currencies such as the Thai Baht or Philippine Peso.

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All in all, US Treasury (UST) yields spiked significantly across the curve by between ~60-130bps in 3Q22. The front-end 2-year UST was particularly affected as stubborn inflation combined with the hawkish Federal Reserve contributed to the significant upwards repricing of rate hike expectations. Moves on the longer end were of a smaller quantum, with markets increasingly aware of a softening global economic outlook and rising recession risk in the US.

Malaysian Government Securities (MGS) were swept along on a global yield surge towards the end of 3Q22, as the local curve flattened with ~25bps increases on the short end while the longer end was more stable. In terms of foreign flows, the foreign shareholdings of MGS snapped a downtrend in Aug'22, with foreign holdings of MGS at 36.1% (RM189.1bil) compared to 35.5% in Jul'22 (RM185.7bil).

Market Outlook

Overall, the narrative of economic recovery has shifted to that of an economic slowdown as we enter 4Q22. Top on the list of concerns is the Fed's battle with inflation which has caused globally higher yields. Additionally, the Eurozone's recession risk is further faced with the prospect of a cold winter as energy supplies continue to be affected by the ongoing Russian conflict. The UK also surprised markets with an expansionary mini-budget from its new government despite raging inflation, which is in stark contrast to monetary easing in Japan and China which have had relatively milder inflation worries.

Locally, the economic recovery is expected to continue apace for the rest of 2022, driven by the pick-up in private consumption and strong trade numbers. This above-trend economic growth could continue to keep inflation elevated, given Malaysia is now on track to be at the upper bound of or potentially exceed Bank Negara Malaysia's 2.2% - 3.2% target for inflation. In this context, we expect another 25 bps for the final Monetary Policy Committee (MPC) meeting in 2022, bringing the OPR to 2.75% by year-end.

Strategy

Fixed income markets saw heavy volatility in September and we expect this theme to continue especially in the advanced nations which are more sensitive to adverse developments in their inflation outlook. Locally, the Malaysian market could be adversely affected by a global yield surge although the quantum of such a movement would be more manageable. Thus, we maintain our strategy of increasing the running yield of the portfolio to take advantage of the growing attractiveness in yields, while keeping our duration at 4 – 5 years to mitigate volatility. Positions in high quality corporate sukuk should allow us to achieve a higher running yield without taking too much duration risk.

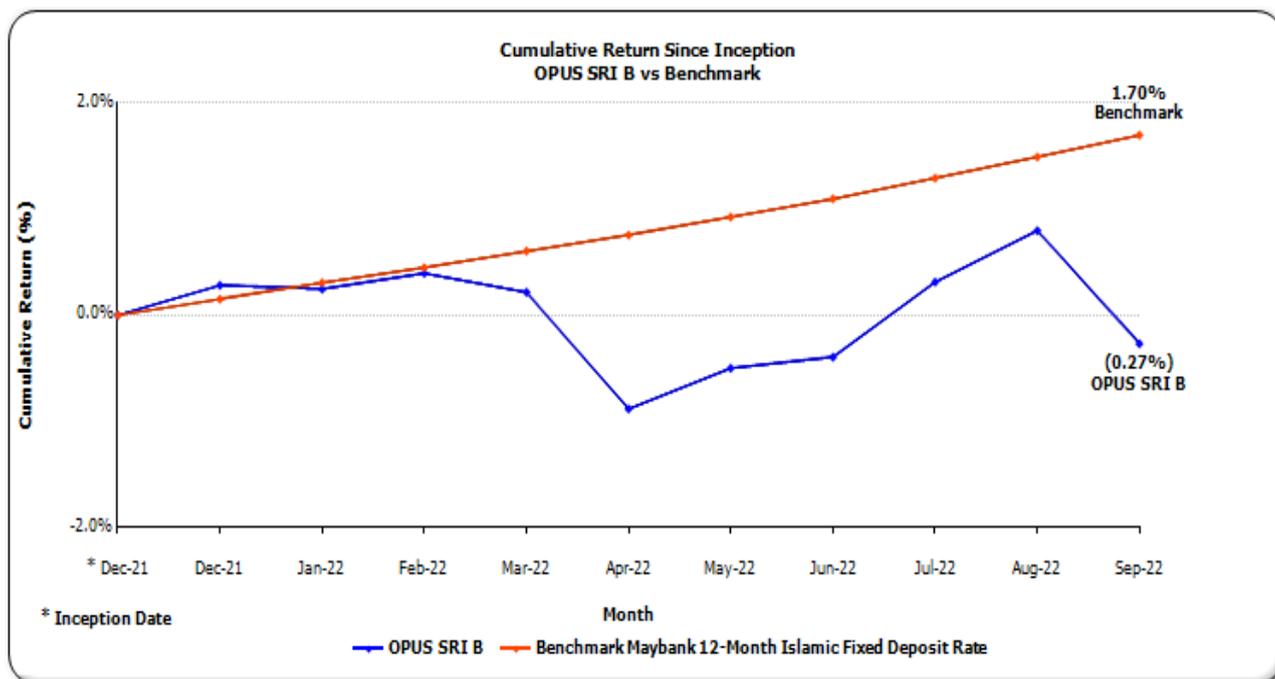
OPUS SRI SUKUK FUND

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Performance: Underperformed benchmark by 1.97% since inception

As at 30 September 2022, the Fund was 82.94% invested while 17.06% was held in cash. The Fund's TWRR since inception was -0.27% compared to the benchmark of 1.70%, which is the accreted value since inception of the Maybank 12-Month Islamic Fixed Deposit Rate. Hence, the Fund underperformed the benchmark by 1.97%. For the calendar year-to-date period, TWRR for the fund was -0.56% against the benchmark TWRR of 1.55%. The Fund had a duration of 3.61 years. The average rating of the portfolio was AA2.

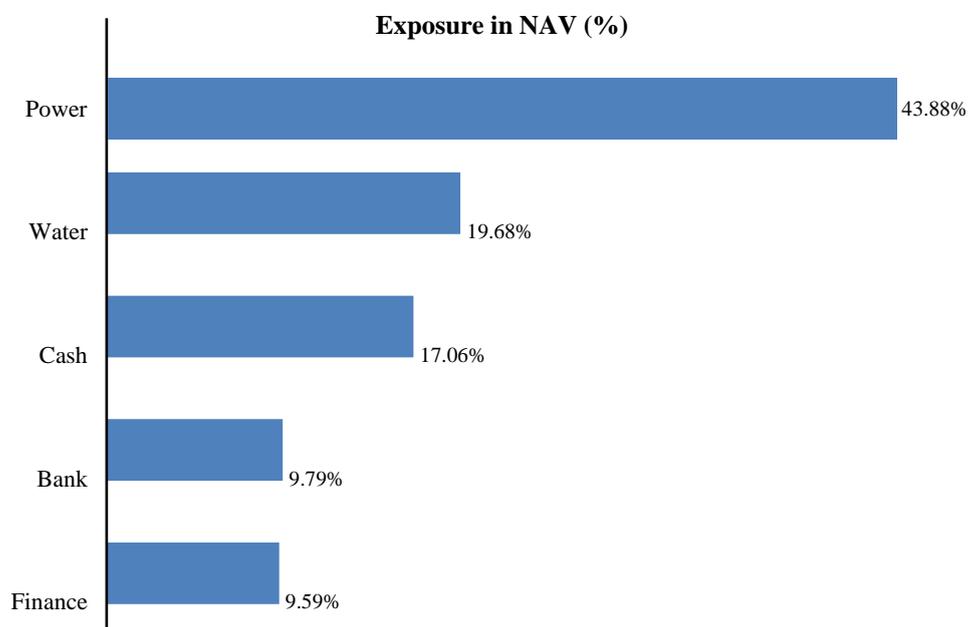


OPUS SRI SUKUK FUND

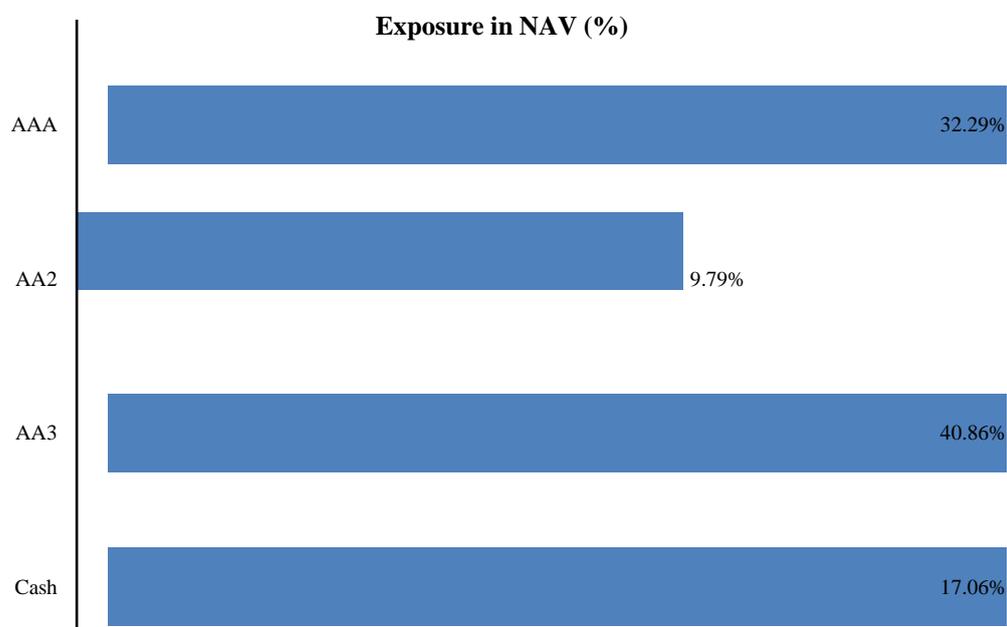
MANAGER'S REPORT - FOR FINANCIAL PERIOD FROM

11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022

Distribution By Sector as at 30 September 2022



Distribution By Rating as at 30 September 2022



OPUS SRI SUKUK FUND

MANAGER'S REPORT - FOR FINANCIAL PERIOD FROM

11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022

INFORMATION ON THE OPUS SRI SUKUK FUND (OPUS SRI or “the Fund”)

Category : Sukuk

Type : Income

Benchmark : Maybank, 12-Month Islamic Fixed Deposit Rate

Investment Objective

The Fund aims to achieve higher returns than the benchmark over medium to long-term, while preserving capital and providing an opportunity for income by investing in a portfolio of sustainable and responsible investment ("SRI") sukuk.

Note:

** We consider 3 to 5 years as medium-term and more than 5 years as long-term.*

*** The Fund is neither a capital guaranteed fund nor a capital protected fund.*

Investment Strategy

The Fund seeks to achieve its objective by investing a minimum of 60% of its NAV in SRI Sukuk.

For rated SRI Sukuk, we will invest in SRI Sukuk which have a minimum credit rating of at least AA3 or P1 by RAM (or equivalent rating by MARC or by any other reputable credit rating agency) at the time of purchase. In the event of a credit downgrade, we reserve the right to deal with the SRI Sukuk in the best interests of Unit Holders.

For the purpose of liquidity management, we will allocate up to 40% of the Fund's NAV in cash and liquid assets.

The Fund's overall investment maturity profile is subject to active maturity structure management based on the profit rate outlook without any portfolio maturity limitation. The Fund may invest in SRI Sukuk with varying maturities.

Sustainable and Responsible Investment Strategy

We shall employ a negative screening strategy when identifying investment opportunities for the Fund's investments in SRI Sukuk. We will apply the negative-filter screening process to exclude sukuk that are not issued as SRI sukuk under the Guidelines in the selection, retention and realisation of the Fund's investments. In respect of the SRI sukuk issued or guaranteed by the Malaysian government, BNM, government-related entities and/or quasi-government related entities, we will adopt the screening and methodology adopted by the Government of Malaysia in the issuance of such SRI sukuk.

OPUS SRI SUKUK FUND

MANAGER'S REPORT - FOR FINANCIAL PERIOD FROM

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We will evaluate the Fund's investments on a quarterly basis to ensure that the investments of the Fund comply with the Guidelines and the overall impact of the investments of the Fund is not inconsistent with any other sustainability considerations.

However, the negative screening strategy will not apply to the remaining portion of the Fund's NAV (i.e., up to 40% of the Fund's NAV) which are held for the purpose of liquidity management.

Temporary Defensive Position

We may take temporary defensive positions that may be inconsistent with the Fund's investment strategy in attempting to respond to certain adverse conditions which include but not limited to adverse market, economic and political conditions, insufficient funds to form an efficient portfolio, periods of high repurchases or any other adverse conditions in order to preserve the NAV of the Fund. By taking a temporary defensive position, we will reduce the Fund's investment exposure in RM-denominated SRI Sukuk and hold more cash. The cash will be placed in Islamic deposits with financial institutions to reduce the exposure during market downturn and to help preserve the Fund's capital and mitigate losses.

We are allowed to implement temporary defensive positions up to a maximum of 3 months from the date the temporary defensive positions is implemented.

OPUS SRI SUKUK FUND

MANAGER'S REPORT - FOR FINANCIAL PERIOD FROM

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Unit Holders' Profile

The Fund was launched on 11 October 2021. As at 30 September 2022, there were approximately 20.11 million units of the Fund in circulation.

Breakdown of Unit Holdings by size as at 30 September 2022 are as follows:-

Class A

Size (Units)	Total Unit Holders*	Percentage of Total Unitholders	Total Units	Percentage of Total Units
0-10,000	0	0.00	0.0000	0.00
10,001-500,000	0	0.00	0.0000	0.00
500,001-1,000,000	0	0.00	0.0000	0.00
1,000,001-2,000,000	0	0.00	0.0000	0.00
2,000,001-3,000,000	0	0.00	0.0000	0.00
3,000,001-4,000,000	0	0.00	0.0000	0.00
4,000,001-5,000,000	0	0.00	0.0000	0.00
5,000,001-10,000,000	0	0.00	0.0000	0.00
10,000,001-50,000,000	0	0.00	0.0000	0.00
50,000,001-above	0	0.00	0.0000	0.00
Total	0	0.00	0.0000	0.00

Class B

Size (Units)	Total Unit Holders*	Percentage of Total Unitholders	Total Units	Percentage of Total Units
0-10,000	0	0.00	0.0000	0.00
10,001-500,000	0	0.00	0.0000	0.00
500,001-1,000,000	0	0.00	0.0000	0.00
1,000,001-2,000,000	0	0.00	0.0000	0.00
2,000,001-3,000,000	0	0.00	0.0000	0.00
3,000,001-4,000,000	0	0.00	0.0000	0.00
4,000,001-5,000,000	0	0.00	0.0000	0.00
5,000,001-10,000,000	0	0.00	0.0000	0.00
10,000,001-50,000,000	1	100.00	20,109,969.6102	100.00
50,000,001-above	0	0.00	0.0000	0.00
Total	1	100.00	20,109,969.6102	100.00

*Note: Include Unit Trust Adviser(s)

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MANAGER'S REPORT - FOR FINANCIAL PERIOD FROM

11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022

OPUS SRI	30 September 2022 Class A	30 September 2022 Class B
Net Asset Value (RM)	-	20,036,424.41
Net Asset Value Per unit (RM)	1.0000	0.9963
Total Units in Circulation (units)	0.0000	20,109,969.6102
Selling / Repurchase price (RM)	1.0000	0.9963

OPUS SRI	11 November 2021 - 30 September 2022 Class A	11 November 2021 - 30 September 2022 Class B
Portfolio Turnover Ratio (PTR) for the financial year	-	0.79 times
Net distribution per unit for the financial year (RM)*	-	0.0010
Daily Return Volatility for the financial year **	-	0.07%

* Distributions were made on 22 July 2022

** measured by standard deviation of daily returns.

Other Information

There is no change in key investment team and delegates.

OPUS SRI SUKUK FUND

STATEMENT BY MANAGER

We, SIAW WEI TANG and CHAN CHOONG KONG, being two of the directors of Opus Asset Management Sdn. Bhd. (the "Manager"), do hereby state that in the opinion of the Manager, the accompanying financial statements set out on pages 16 to 47 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as of 30 September 2022 and of its financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

On behalf of the Manager

SIAW WEI TANG
MANAGING DIRECTOR

CHAN CHOONG KONG
DIRECTOR

Kuala Lumpur
25 November 2022

TRUSTEE’S REPORT

TO THE UNITHOLDERS OF OPUS SRI SUKUK FUND

We have acted as Trustee for OPUS SRI SUKUK FUND (the “Fund”) for the financial period ended 30 September 2022. To the best of our knowledge, for the financial period under review, Opus Asset Management Sdn Bhd (the “Manager”) has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission’s Guidelines on Unlisted Capital Market Products under The Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation and pricing for the Fund is carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units for the Fund have been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements.

We are of the view that the distributions made during the financial period ended 30 September 2022 by the Manager are not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Gerard Ang
Chief Executive Officer

Kuala Lumpur, Malaysia
25 November 2022

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF OPUS SRI SUKUK FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of OPUS SRI SUKUK FUND (“the Fund”), which comprise the statement of financial position as at 30 September 2022, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial period from 11 November 2021 (date of launch) to 30 September 2022, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 47.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 September 2022 and of its financial performance and its cash flows for the financial period from 11 November 2021 (date of launch) to 30 September 2022 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF OPUS SRI SUKUK FUND (CONTINUED)

Information Other than the Financial Statements and Auditors' Report Thereon (Continued)

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 Manager and Trustee for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards 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. The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable fair presentation of these financial statements.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF OPUS SRI SUKUK FUND (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 UNITHOLDERS OF
OPUS SRI SUKUK FUND (CONTINUED)**

OTHER MATTERS

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

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

Chong Wei-Chnoong
03525/08/2024 J
Chartered Accountant

Kuala Lumpur
25 November 2022

OPUS SRI SUKUK FUND

SHARIAH ADVISER'S REPORT

TO THE UNITHOLDERS OF OPUS SRI SUKUK FUND

We hereby confirm the following:

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

For and on behalf of the Shariah Adviser
TAWAFUQ CONSULTANCY SDN BHD

MUHAMMAD AIMAN MOHAMAD SALMI, CPIF CSAA
Director/ Principal Consultant

Kuala Lumpur
25 November 2022

OPUS SRI SUKUK FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	<u>Note</u>	<u>2022</u> RM
ASSETS		
Financial assets at fair value through profit or loss (“FVTPL”)	4	16,617,596
Cash and cash equivalents	5	<u>3,442,969</u>
TOTAL ASSETS		<u>20,060,565</u>
LIABILITIES		
Amount due to Manager		9,958
Amount due to Trustee		5,383
Other payables and accruals	6	<u>8,800</u>
TOTAL LIABILITIES		<u>24,141</u>
NET ASSET VALUE		<u><u>20,036,424</u></u>
UNITHOLDERS’ FUNDS		
Unitholders’ capital		20,110,019
Accumulated losses		(73,595)
NET ASSET ATTRIBUTABLE TO UNITHOLDERS		<u><u>20,036,424</u></u>
UNITS IN CIRCULATION		
- Class A	7	-
- Class B	7	20,109,970
NET ASSET VALUE PER UNIT		
- Class A		1.0000
- Class B		0.9963

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

OPUS SRI SUKUK FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022

	<u>Note</u>	Financial period from 11.11.2021 (date of launch) to <u>30.09.2022</u> RM
INVESTMENT INCOME		
Profit income from unquoted sukuk at fair value through profit or loss		600,259
Profit income from Islamic deposits with licensed financial institutions at amortised cost		60,203
Net loss on financial assets at FVTPL	4	<u>(592,393)</u>
		<u>68,069</u>
EXPENSES		
Management fee	8	(99,908)
Trustee's fee	9	(12,000)
Audit fee		(6,000)
Tax agent's fee		(3,300)
Other expenses		<u>(386)</u>
		<u>(121,594)</u>
LOSS BEFORE TAXATION		(53,525)
TAXATION	10	<u>-</u>
LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u><u>(53,525)</u></u>
Loss after taxation is made up of the following:		
Realised amount		450,868
Unrealised amount		<u>(504,393)</u>
		<u><u>(53,525)</u></u>

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

OPUS SRI SUKUK FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022

	<u>Note</u>	Financial period from 11.11.2021 (date of launch) to <u>30.09.2022</u> RM
Distribution during the financial period		
- Class A	11	-
- Class B	11	<u>20,070</u>
Gross distribution per unit (sen)		
- Class A	11	-
- Class B	11	<u>0.10</u>
Net distribution per unit (sen)		
- Class A	11	-
- Class B	11	<u>0.10</u>

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

OPUS SRI SUKUK FUND

STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022

	Unitholders' capital	Accumulated losses	Total
	RM	RM	RM
Balance as at 11 November 2021	-	-	-
Movement in net asset value:			
Total comprehensive loss for the financial period	-	(53,525)	(53,525)
Creation of units from applications	20,089,949	-	20,089,949
Creation of units from distributions	20,070	-	20,070
Cancellation of units	-	-	-
Distribution (Note 11)	-	(20,070)	(20,070)
Balance as at 30 September 2022	<u>20,110,019</u>	<u>(73,595)</u>	<u>20,036,424</u>

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

OPUS SRI SUKUK FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022

Financial period
from 11.11.2021
(date of launch) to
30.09.2022
RM

CASH FLOWS FOR OPERATING ACTIVITIES

Proceeds from sale of investments	7,214,642
Purchase of investments	(24,370,384)
Profit income received from unquoted sukuk	546,012
Profit income received from Islamic deposits with a licensed financial institutions	60,203
Management fee paid	(89,950)
Trustee's fee paid	(6,617)
Payment for other fees and expenses	(886)
Net cash used in operating activities	<u>(16,646,980)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from creation of units	20,110,019
Payment for distribution	<u>(20,070)</u>
Net cash generated from financing activities	<u>20,089,949</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

3,442,969

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD

-

CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD

3,442,969

Cash and cash equivalents comprise:

Islamic deposits with a licensed financial institution	3,404,837
Bank balance	<u>38,132</u>
	<u>3,442,969</u>

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

OPUS SRI SUKUK FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022

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

A Basis of preparation of the financial statements

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

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

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

There are the Fund's first set of financial statement since its date of launch.

- (a) During the current financial period, the Fund has adopted all the MFRSs that were effective on or before the date of launch.

OPUS SRI SUKUK FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM

11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

A Basis of preparation of the financial statements (continued)

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

MFRSs (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

OPUS SRI SUKUK FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

B Income recognition

Profit income from Islamic deposit with a licensed financial institution and unquoted sukuk are recognised on an accrual basis using the effective profit method.

Realised gains and losses on sale of unquoted sukuk is measured by the difference between the net disposal proceeds and the carrying amounts of investment, calculated on the weighted average cost basis.

C Distribution

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the period in which it is approved for appropriation.

D Taxation

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

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

E Presentation and functional currency

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

OPUS SRI SUKUK FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

F Financial instruments

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

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

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

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

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

Financial assets

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

Debt instruments

(i) Amortised cost

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

OPUS SRI SUKUK FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM

11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

F Financial instruments (continued)

Financial assets (continued)

Debt instruments (continued)

(i) Amortised cost (continued)

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

(ii) Fair value through other comprehensive income

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

(iii) Fair value through profit or loss

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

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value.

Unrealised gains or losses arising from changes in the fair value of the financial assets at 'fair value through profit or loss' category are recognised in the statement of comprehensive income in the financial period in which they arise.

OPUS SRI SUKUK FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

F Financial instruments (continued)

Financial assets (continued)

Debt instruments (continued)

(iii) Fair value through profit or loss (continued)

Unquoted sukuk denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency (“BPA”) registered with the Securities Commission of Malaysia (“SC”). Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specified unquoted sukuk differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- (i) Records its basis for using a non-BPA price;
- (ii) Obtain necessary internal approvals to use the non-BPA price; and
- (iii) Keeps an audit trail of all decisions and basis for adopting the market yield.

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

Financial liabilities

(i) Financial liabilities at fair value through profit or loss

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

(ii) Other financial liabilities

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

OPUS SRI SUKUK FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

F Financial instruments (continued)

Financial liabilities (continued)

(ii) Other financial liabilities (continued)

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

Derecognition

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

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

OPUS SRI SUKUK FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD FROM

11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

F Financial instruments (continued)

Impairment of financial assets

The Fund recognises a loss allowance for expected credit losses on investments in sukuk that are measured at amortised cost or at fair value through other comprehensive income, Islamic deposit with a licensed financial institution and cash at bank.

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

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Fund always recognises lifetime expected credit losses for the receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

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

The Fund recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in sukuk that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

G Cash and cash equivalents

Cash and cash equivalents comprise bank balances, Islamic deposit with a licensed financial institution, and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

OPUS SRI SUKUK FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

H Unitholders' capital

The unitholders' capital is classified as equity.

The Fund issues cancellable units, which are cancelled at the unitholder's option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's Net Asset Value ("NAV"). The outstanding units are carried at the redemption amount that is payable as at the date of the statement of financial position if the unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the unitholder's option at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

The units in the Fund are puttable instruments which entitle the unitholders to a pro-rata share of the Net Asset of the Fund. The units are subordinated and have identical features. There is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units in the Fund over the life of the units are based on the change in the Net Asset of the Fund.

I Segmental information

Operating segments are reported in a manner consistent with the internal reporting used by chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments that undertakes strategic decisions for the Fund.

OPUS SRI SUKUK FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

J Critical accounting estimates and judgements in applying accounting policies

Key sources of estimation uncertainty

Manager believes that there are no key assumptions made 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 year other than as disclosed below:-

Fair value estimates for unquoted financial assets

The Fund carries certain financial assets that are not traded in an active market at fair value. The Fund uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The amount of fair value changes would differ if the Fund uses different valuation methodologies and assumptions, and eventually affect profit and/or other comprehensive income. The carrying amount of these financial assets as at the reporting date is disclosed in Note 4 to the financial statements.

Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Fund recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

Critical judgements made in applying accounting policies

Manager believes that there are no instances of application of critical judgement in applying the Fund's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022

1 INFORMATION ON THE FUND

OPUS SRI SUKUK FUND (hereinafter referred to as ‘the Fund’) was constituted pursuant to the execution of a deed dated 06 August 2021 between Opus Asset Management Sdn. Bhd. as the Manager and Deutsche Trustees Malaysia Berhad as the Trustee. The Fund was launched on 11 November 2021 and will continue to be in operation until determined otherwise by the Manager or the Trustee as provided under the Deed.

The principal place of business is located at B-19-2, Northpoint Offices, Mid Valley City, No.1, Medan Syed Putra Utara, 59200 Kuala Lumpur.

The principal activity of the Fund is to achieve higher return than the Maybank 12-Month Islamic Fixed Deposit Rate over medium to long-term, while preserving capital and providing an opportunity for income by investing in a portfolio of SRI Sukuk.

The Manager, Opus Asset Management Sdn. Bhd., a company incorporated in Malaysia, is principally engaged in the business of fund management and the provision of financial advisory services.

The financial statements were authorised for issue by the Manager on 25 November 2022.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include management risk, market risk (inclusive of price risk and interest rate risk), credit risk, liquidity risk, non-compliance risk, Shariah specific risk and capital risk management.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the Fund’s Information Memorandum.

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Amortised cost RM	Total RM
<u>2022</u>			
Unquoted sukuk	16,617,596	-	16,617,596
Cash and cash equivalents	-	3,442,969	3,442,969
	<u>16,617,596</u>	<u>3,442,969</u>	<u>20,060,565</u>

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Management risk

Poor management of the Fund may jeopardise the investment of each unitholder. Therefore, it is important for the Manager to set the investment policies and appropriate strategies to be in line with the investment objective before any investment activities can be considered. However, there can be no guarantee that these measures will produce the desired results.

Price risk

Price risk is the risk that the fair value of an investment of the Fund will fluctuate because of changes in market prices (other than those arising from interest rate risk).

The Fund's overall exposure to price risk was as follows:

	<u>2022</u>
	RM
Financial assets at fair value through profit or loss	16,442,208
Profit receivables	175,388
	<u>16,617,596</u>

The table below summarises the sensitivity of the Fund's net asset value and loss after tax to movements in prices of investments. The analysis is based on the assumption that the price of the investments fluctuates by 5% with all other variables held constant.

	Change in price of <u>investments</u> %	Market value RM	Impact on loss after tax and <u>net asset value</u> RM
<u>2022</u>	-5	15,620,098	(822,110)
	0	16,442,208	-
	5	<u>17,264,318</u>	<u>822,110</u>

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

In general, when interest rates rise, unquoted sukuk prices will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund hold an unquoted sukuk till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the net asset value shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial since sukuk portfolio management depends on forecasting interest rate movements. Unquoted sukuk with longer maturity and lower yield profit rates are more susceptible to interest rate movements. It does not in any way suggest that this Fund will invest in conventional financial instruments. All the investments carried out for this Fund are in accordance with Shariah requirements

Investors should note that unquoted sukuk (such as the sukuk held by the Fund) and money market instruments are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of profit and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's net asset value to movements in prices of unquoted sukuk held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 1% with all other variables held constant.

<u>% change in interest rate</u>	Impact on loss after tax/ net asset value
	<u>2022</u> RM
+1%	(36,560)
-1%	<u>37,150</u>

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations to make timely repayments of profit, principal and proceeds from realisation of investments. These credit exposures exist within financing relationships, derivatives and other transactions.

The Manager manages the Fund's credit risk by undertaking credit evaluation and close monitoring of any changes to the issuer/counterparty's credit profile to minimise such risk. It is the Fund's policy to buy financial instruments with reputable counterparties. The Manager also closely monitors the creditworthiness of the Fund's counterparties by reviewing their credit ratings and credit profiles on a regular basis.

At the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. None of the Fund's financial assets were past due or impaired as at the end of the reporting period.

The Manager consider these banks and financial institutions have low credit risks. Therefore, the Manager is of the view that the loss allowance is immaterial and hence, it is not provided for.

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

	Unquoted sukuk RM	Cash and cash equivalents RM	<u>Total</u> RM
<u>2022</u>			
AAA	6,467,917	3,404,837	9,872,754
AA1	-	38,132	38,132
AA2	1,962,393	-	1,962,393
AA3	8,187,286	-	8,187,286
	<u>16,617,596</u>	<u>3,442,969</u>	<u>20,060,565</u>

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. Liquidity risk exists when particular investments are difficult to sell, possibly preventing the Fund from selling such illiquid securities at an advantageous time or price. Wholesale funds with principal investment strategies that involve securities or securities with substantial market and/or credit risk tend to have the greater exposure to liquidity risk. As part of its risk management, the Manager will attempt to manage the liquidity of the Fund through asset allocation and diversification strategies within the portfolio. The Manager will also conduct constant fundamental research and analysis to forecast future liquidity of its investments.

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

Maturity Analysis

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
<u>2022</u>			
Amount due to Manager	9,958	-	9,958
Amount due to Trustee	5,383	-	5,383
Other payables and accruals	-	8,800	8,800
	<u>15,341</u>	<u>8,800</u>	<u>24,141</u>

Non-compliance risk

This is the risk of the Manager not complying with the internal policies, the Deeds of the Fund, all applicable laws or guidelines issued by the regulators. This may occur as a result of system failure or the inadvertence of the Manager. The magnitude of such risk and its impact on the Fund and/or unitholders are dependent on the nature and severity of the non-compliance. Non-compliance may adversely affect the Fund especially if the investment of the Fund has to be disposed at a lower price to rectify the non-compliance.

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital risk management

	<u>2022</u> RM
The capital of the Fund is represented by equity consisting of :-	
Unitholders' capital	20,110,019
Accumulated losses	<u>(73,595)</u>

The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

3 FAIR VALUE ESTIMATION

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

The fair values of financial assets traded in active market (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the financial period end date.

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

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which market were or have been inactive during the financial period. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The fair values are based on the following methodologies and assumptions:

- (i) For bank balances, Islamic deposits and placements with financial institutions with maturities less than 1 year, the carrying value is a reasonable estimate of fair value.
- (ii) The carrying value less impairment of receivables and payables are assumed to approximate their fair values. The carrying values of financial assets and financial liabilities approximate their fair values due to their short term nature.

Fair value hierarchy

The Fund adopted MFRS 13 “Fair Value Measurement” in respect of disclosures about the degree of reliability of fair value measurement. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs).

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

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

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

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<u>2022</u>				
Financial assets at FVTPL				
- Unquoted sukuk	-	16,617,596	-	16,617,596

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. Level 2 instruments include unquoted sukuk. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or nontransferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note F.

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2022</u> RM
Financial assets designated as FVTPL:	
- Unquoted sukuk	<u>16,617,596</u>
	Financial period from 11.11.2021 (date of launch) to <u>30.09.2022</u> RM
Net loss on financial assets at FVTPL comprised:	
- net realised loss on sale of financial assets at FVTPL	(88,000)
- net unrealised loss on changes in fair value	<u>(504,393)</u>
	<u>(592,393)</u>

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Financial assets designated as FVTPL as at 30 September 2022 are as follows:

Name of Counter	Nominal value	Cost RM	Fair value as at 30.09.2022 RM	Fair value as at 30.09.2022 expressed as a percentage of value of the Fund %
UNQUOTED SUKUK				
BANK				
3.80% CIMB Group Holdings Berhad 29/12/2026 AA2	2,000,000	2,019,573	1,962,393	9.79
FINANCE				
3.10% SME BANK 31/07/2026 AAA	2,000,000	1,965,192	1,922,172	9.59
POWER				
5.20% Sinar Kamiri Sdn Bhd 30/01/2023 AA-	5,000,000	5,115,889	5,060,139	25.25
5.50% Tadau Energy Sdn Bhd 27/07/2026 AA3	1,000,000	1,062,645	1,027,965	5.13
6.20% Tadau Energy Sdn Bhd 27/07/2023 AA3	2,000,000	2,215,622	2,099,182	10.48
5.05% TNB Power Generation Sdn Bhd 02/06/2037 AAA	600,000	610,045	604,183	3.02
		<u>9,004,201</u>	<u>8,791,469</u>	<u>43.88</u>

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Financial assets designated as FVTPL as at 30 September 2022 are as follows: (continued)

Name of Counter	Nominal value	Cost RM	Fair value as at 30.09.2022 RM	Fair value as at 30.09.2022 expressed as a percentage of value of the Fund %
UNQUOTED SUKUK (CONTINUED)				
WATER				
4.73% Pengurusan Air Selangor Sdn Bhd 26/07/2029 AAA	2,000,000	2,047,765	2,014,125	10.05
4.74% Pengurusan Air Selangor Sdn Bhd 29/10/2036 AAA	2,000,000	2,085,258	1,927,437	9.63
		<u>4,133,023</u>	<u>3,941,562</u>	<u>19.68</u>
TOTAL UNQUOTED SUKUK		17,121,989	<u><u>16,617,596</u></u>	<u><u>82.94</u></u>
ACCUMULATED UNREALISED LOSS		<u>(504,393)</u>		
TOTAL FINANCIAL ASSETS AT FVTPL		<u><u>16,617,596</u></u>		

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

5 CASH AND CASH EQUIVALENTS

	<u>2022</u> RM
Islamic deposit with a licensed financial institution	3,404,837
Bank balance	38,132
	<u>3,442,969</u>
Islamic deposit with a licensed financial institution include profit receivable (RM)	215
Weighted average rate of return (%)	2.30
Average maturity (days)	1

6 OTHER PAYABLES AND ACCRUALS

	<u>2022</u> RM
Audit fee payable	6,000
Tax agent's fee payable	2,800
	<u>8,800</u>

7 UNITS IN CIRCULATION

	Financial period from 11.11.2021 (date of launch) to <u>30.09.2022</u> Units
At the beginning of the financial period	-
Creation of units during the financial period	
Arising from distribution during the financial period	20,054
Arising from applications during the financial period	20,089,916
Cancellation of units during the financial period	-
At the end of the financial period	<u>20,109,970</u>

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

7 UNITS IN CIRCULATION (CONTINUED)

	Financial period from 11.11.2021 (date of launch) to <u>30.09.2022</u> Units
Class A	
At the beginning of the financial period	-
Creation of units during the financial period	
Arising from distribution during the financial period	-
Arising from applications during the financial period	-
Cancellation of units during the financial period	-
At the end of the financial period	<u>-</u>
Class B	
At the beginning of the financial period	-
Creation of units during the financial period	
Arising from distribution during the financial period	20,054
Arising from applications during the financial period	20,089,916
Cancellation of units during the financial period	-
At the end of the financial period	<u>20,109,970</u>

8 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding :-

Class	Year 2022
Class A	3.00% per annum of the NAV of the Class, calculated on daily basis
Class B	3.00% per annum of the NAV of the Class, calculated on daily basis

The management fee provided in the financial statements based on the net asset value of the class, calculated on a daily basis for the financial period as follows:

Class	Year 2022
Class A	Up to 0.80% per annum of the NAV of the Class
Class B	Up to 0.60% per annum of the NAV of the Class

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

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

9 TRUSTEE'S FEE

In accordance with the Deed, the Trustee is entitled to a trustee fee at a rate not exceeding 0.20% per annum of the net asset value of the Fund, subject to a minimum of RM12,000 per annum calculated on a daily basis.

The Trustee's fee provided in the financial statement is 0.03% per annum of the net asset value of the Fund, subject to a minimum of RM12,000 per annum calculated on a daily basis for the financial period.

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

10 TAXATION

(a) Tax charge for the financial period

**Financial period
from 11.11.2021
(date of launch) to
30.09.2022
RM**

Current taxation

-

(b) Numerical reconciliation of income tax expense

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

**Financial period
from 11.11.2021
(date of launch) to
30.09.2022
RM**

Loss before taxation

(53,525)

Tax calculated at a tax rate of 24%

(12,846)

Tax effects of:

Investment loss not deductible for tax purpose

(16,337)

Expenses not deductible for tax purposes

3,765

Restriction on tax deductible expenses for the fund

25,418

-

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

11 DISTRIBUTION

			Financial period from 11.11.2021 (date of launch) to <u>30.09.2022</u> RM	
Distribution to unitholders are from the following sources:				
Profit income from unquoted sukuk				26,492
Profit income from Islamic deposits with licensed financial institutions at amortised cost				8,915
Realised gain on sale of investments				248
Gross realised income				<u>35,655</u>
Less: Expenses				<u>(15,585)</u>
Gross distribution amount				20,070
Less: Taxation				<u>-</u>
Net distribution amount				<u><u>20,070</u></u>
	Entitlement	Payment	Gross	Net
2022	22-Jul-2022	25-Jul-2022	<u>0.10</u>	<u>0.10</u>

Gross distribution is derived using total income less total expenses.

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

			Financial period from 11.11.2021 (date of launch) to <u>30.09.2022</u> RM	
Unrealised loss incurred during the financial period				<u><u>(504,393)</u></u>

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

12 TOTAL EXPENSE RATIO (“TER”)

	Financial period from 11.11.2021 (date of launch) to <u>30.09.2022</u> %
TER	<u>0.61</u>

Total expense ratio includes management fee, trustee’s fee, audit fee, tax agent’s fee and other expenses which is calculated as follows:

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

A = Management fee

B = Trustee’s fee

C = Audit fee

D = Tax agent’s fee

E = Other expenses

F = Average net asset value of the Fund for the financial period, calculated on a daily basis

	Financial period from 11.11.2021 (date of launch) to <u>30.09.2022</u> RM
The average net asset value of the Fund calculated on a daily basis	<u>20,058,130</u>

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

13 PORTFOLIO TURNOVER RATIO (“PTR”)

	Financial period from 11.11.2021 (date of launch) to <u>30.09.2022</u>
PTR (times)	0.79

PTR is derived from the following calculation:

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

where:

Total acquisition for the financial period

Total disposals for the financial period

24,370,384
<u>7,214,642</u>

14 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

<u>Related parties</u>	<u>Relationship</u>
Opus Asset Management Sdn Bhd	The Manager

The number of units held by the Manager is as follows:

	<u>2022</u> Units	<u>2022</u> RM
The Manager	-	-

The units are held beneficially by the Manager for booking purposes and were transacted at the prevailing market price.

Other than the related party disclosures mentioned elsewhere in the financial statements, there are no other significant related party transactions during the financial period or balances as at the end of the financial period.

OPUS SRI SUKUK FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 11 NOVEMBER 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2022 (CONTINUED)

15 TRANSACTIONS WITH BROKERS

<u>Broker/ financial institution</u>	<u>Value of trades[^]</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
Malayan Banking Berhad*	11,834,049	37.47	-	-
Hong Leong Bank Berhad	9,426,866	29.85	-	-
Bank Islam Malaysia Berhad*	4,202,189	13.29	-	-
CIMB Bank Berhad	4,076,303	12.91	-	-
RHB Investment Bank Berhad*	2,045,619	6.48	-	-
	<u>31,585,026</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

Details of transactions by the Fund for the financial period ended 30 September 2022 are as follows:

[^] Includes purchase price plus accrued profit at acquisition.

* Included in transactions with brokers and dealers are cross trades conducted between portfolios managed by the Manager.

16 SEGMENTAL INFORMATION

The internal reporting provided to the Committee for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRSs and IFRS. The Committee is responsible for the performance of the Fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of profit and gains on the appreciation in the value of investments which is derived from unquoted sukuk in Malaysia.

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

OPUS SRI SUKUK FUND

CORPORATE INFORMATION

MANAGER

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