

Semi-Annual Report for

AmBalanced

31 January 2024



AmInvest

Growing Your Investments in a Changing World

TRUST DIRECTORY

Manager

AmFunds Management Berhad
9th & 10th Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur

Board of Directors

Jeyaratnam A/L Tamotharam Pillai
Ng Chih Kaye
Jas Bir Kaur A/P Lol Singh
Arnold Lim Boon Lay
Goh Wee Peng

Investment Committee

Arnold Lim Boon Lay
Tracy Chen Wee Keng
Goh Wee Peng

Trustee

HSBC (Malaysia) Trustee Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

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MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the unaudited accounts of AmBalanced ("Fund") for the financial period from 1 August 2023 to 31 January 2024.

Salient Information of the Fund

Name	AmBalanced ("Fund")
Category/ Type	Balanced / Growth
Objective	<p>AmBalanced aims to grow the value of investments in the long-term with lower volatility through asset diversification.</p> <p><i>Note:</i> <i>Any material change to the investment objective of the Fund would require Unit Holders' approval.</i></p>
Duration	The Fund was established on 16 September 2003 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.
Performance Benchmark	<p>50% Medium MGS Index by Quantshop ("MMGS") 50% FTSE Bursa Malaysia Top 100 Index ("FBM Top100") (Available at www.aminvest.com)</p> <p><i>Note: The composite benchmark index is a reflection of the Fund's average asset allocation over the medium to long-term. For the equities portion of the Fund the performance benchmark will be FTSE Bursa Malaysia Top 100 Index and for the fixed income portion it will be the Quantshop Medium MGS Index. The benchmark is for performance comparison only. The risk profile of the performance benchmark is not the same as the risk profile of the Fund.</i></p> <p><i>Source: FTSE International Limited ("FTSE") © FTSE 2023. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. "BURSA MALAYSIA" is a trade mark of Bursa Malaysia Berhad ("BURSA MALAYSIA"). All intellectual property rights in the index values and constituent list vests in FTSE and BURSA MALAYSIA. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.</i></p>
Income Distribution Policy	Income distribution (if any) is incidental.

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 31 January 2024 and for the past three financial years ended 31 July are as follows:			
	As at 31.01.2024 %	As at 31 July		
		2023 %	2022 %	2021 %
Consumer discretionary	4.08	5.74	5.70	1.27
Consumer staples	4.77	3.93	5.24	3.08
Energy	1.77	0.42	-	-
Financials	9.83	11.01	7.17	4.66
Health care	3.80	3.33	1.57	0.85
Industrials	3.64	7.05	4.90	10.04
Information technology	7.52	5.60	8.21	19.60
Materials	2.48	2.95	2.19	0.86
REITs/Real estate	0.58	0.98	2.20	6.75
Telecommunication services	-	1.28	2.66	-
Utilities	2.59	3.21	1.75	2.78
Corporate bonds	32.09	31.11	15.08	-
Local collective investment schemes	6.29	5.70	11.19	16.53
Malaysian Government Securities	12.17	11.17	20.11	18.24
Money market deposits and cash equivalents	8.39	6.52	12.03	15.34
Total	100.00	100.00	100.00	100.00
	<i>Note: The abovementioned percentages are calculated based on total net asset value.</i>			
Performance Details	Performance details of the Fund for the financial period ended 31 January 2024 and three financial years ended 31 July are as follows:			
	FPE 2024	FYE 2023	FYE 2022	FYE 2021
Net asset value (RM)	2,484,980	2,691,121	3,003,146	3,465,390
Units in circulation	1,844,099	2,039,663	2,362,032	2,422,339
Net asset value per unit (RM)	1.3475	1.3194	1.2714	1.4306
Highest net asset value per unit (RM)	1.3515	1.3282	1.4603	1.5350
Lowest net asset value per unit (RM)	1.3059	1.2194	1.2405	1.4009
Benchmark performance (%)	3.60	2.66	-1.64	-2.15
Total return (%) ⁽¹⁾	2.13	3.78	-9.70	3.32
- Capital growth (%)	2.13	3.78	-11.10	-1.76
- Income distribution (%)	-	-	1.40	5.08
Gross distribution (sen per unit)	-	-	2.00	7.40
Net distribution (sen per unit)	-	-	2.00	7.40
Total expense ratio (%) ⁽²⁾	1.13	2.11	2.03	1.74
Portfolio turnover ratio (times) ⁽³⁾	0.28	0.81	0.79	0.64

Note:

- (1) Total return is the actual return of the Fund for the respective financial period/years computed based on the net asset value per unit and net of all fees.
- (2) Total expense ratio (“TER”) is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis.
- (3) Portfolio turnover ratio (“PTR”) is calculated based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis.

Average Total Return (as at 31 January 2024)

	AmBalanced ^(a) %	50% FBM Top100 & 50% MMGS ^(b) %
One year	1.94	4.08
Three years	-1.53	0.76
Five years	2.59	1.54
Ten years	2.86	1.57

Annual Total Return

Financial Years Ended (31 July)	AmBalanced ^(a) %	50% FBM Top100 & 50% MMGS ^(b) %
2023	3.78	2.66
2022	-9.70	-1.64
2021	3.32	-2.15
2020	13.71	4.30
2019	-5.13	-1.42

(a) Source: Novagni Analytics and Advisory Sdn. Bhd.

(b) 50% FTSE Bursa Malaysia Top100 Index (“FBM Top100”) and 50% Medium MGS Index by Quantshop (“MMGS”) (Available at www.aminvest.com)

The Fund performance is calculated based on the net asset value per unit of the Fund. Average total return of the Fund and its benchmark for a period is computed based on the absolute return for that period annualised over one year.

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

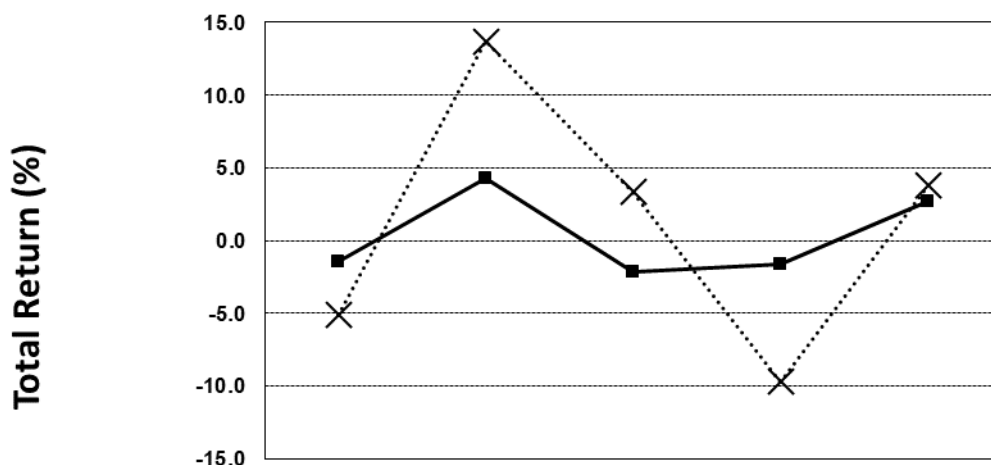
Fund Performance

For the financial period under review, the Fund registered a return of 2.13% which is entirely capital growth in nature.

Thus, the Fund’s return of 2.13% has underperformed the benchmark’s return of 3.60% by 1.47%.

As compared with the financial year ended 31 July 2023, the net asset value (“NAV”) per unit of the Fund increased by 2.13% from RM1.3194 to RM1.3475 while units in circulation have decreased by 9.59% from 2,039,663 units to 1,844,099 units.

The following line chart shows comparison between the annual performances of AmBalanced and its benchmark, 50% FBM Top100 and 50% MMGS, for the financial years ended 31 July.



	2019	2020	2021	2022	2023
....X... Fund	-5.13	13.71	3.32	-9.70	3.78
—■— Benchmark	-1.42	4.30	-2.15	-1.64	2.66

Financial Years Ended (31 July)

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

Strategies and Policies Employed

For the financial period under review, the Fund invested generally according to a balanced mix between equities and fixed income with a tactical asset allocation exposure range between 30% and 70%.

Equity

The Fund invested up to a maximum 70% of its net asset value (NAV) in equities. Value-add from equity investments is derived from active stock selection with focus on undervalued stock relative to its earnings growth potential and/or its intrinsic value. In the event that outlook for equity investments is not conducive, the Fund can choose to have a maximum exposure of 30% in equity securities.

Fixed Income

The Fund invested up to a maximum 70% of its NAV in fixed income instruments. In buying and selling fixed income instruments for the Fund, the Manager uses active tactical duration management, yield curve positioning and credit spread arbitraging. This approach also involves an analysis of general economic and market conditions. It also involves the use of models that analyze and compare expected returns and assumed risk. Under this approach, the Manager will focus on fixed income instruments that would deliver favourable return in light of the risk. The Manager also considers obligations with a more favourable or improving credit or industry outlook that provide the potential for capital appreciation. The investment management team may adopt an active trading stance, and will not consider portfolio turnover as a limiting factor in ensuring that the Fund meets its investment objective.

Portfolio Structure	<p>The table below is the asset allocation of the Fund as at 31 January 2024 and 31 July 2023.</p> <table border="1" data-bbox="352 219 1461 913"> <thead> <tr> <th></th> <th>As at 31.01.2024 %</th> <th>As at 31.07.2023 %</th> <th>Changes %</th> </tr> </thead> <tbody> <tr><td>Consumer discretionary</td><td>4.08</td><td>5.74</td><td>-1.66</td></tr> <tr><td>Consumer staples</td><td>4.77</td><td>3.93</td><td>0.84</td></tr> <tr><td>Energy</td><td>1.77</td><td>0.42</td><td>1.35</td></tr> <tr><td>Financials</td><td>9.83</td><td>11.01</td><td>-1.18</td></tr> <tr><td>Health care</td><td>3.80</td><td>3.33</td><td>0.47</td></tr> <tr><td>Industrials</td><td>3.64</td><td>7.05</td><td>-3.41</td></tr> <tr><td>Information technology</td><td>7.52</td><td>5.60</td><td>1.92</td></tr> <tr><td>Materials</td><td>2.48</td><td>2.95</td><td>-0.47</td></tr> <tr><td>REITs/Real estate</td><td>0.58</td><td>0.98</td><td>-0.40</td></tr> <tr><td>Telecommunication services</td><td>-</td><td>1.28</td><td>-1.28</td></tr> <tr><td>Utilities</td><td>2.59</td><td>3.21</td><td>-0.62</td></tr> <tr><td>Corporate bonds</td><td>32.09</td><td>31.11</td><td>0.98</td></tr> <tr><td>Local collective investment schemes</td><td>6.29</td><td>5.70</td><td>0.59</td></tr> <tr><td>Malaysian Government Securities</td><td>12.17</td><td>11.17</td><td>1.00</td></tr> <tr><td>Money market deposits and cash equivalents</td><td>8.39</td><td>6.52</td><td>1.87</td></tr> <tr><td>Total</td><td>100.00</td><td>100.00</td><td></td></tr> </tbody> </table> <p>For the financial period under review, the Fund reduced investment in Industrials and Consumer discretionary sector and re-deployed capital into Information technology as well as Money market deposits and cash equivalents.</p>		As at 31.01.2024 %	As at 31.07.2023 %	Changes %	Consumer discretionary	4.08	5.74	-1.66	Consumer staples	4.77	3.93	0.84	Energy	1.77	0.42	1.35	Financials	9.83	11.01	-1.18	Health care	3.80	3.33	0.47	Industrials	3.64	7.05	-3.41	Information technology	7.52	5.60	1.92	Materials	2.48	2.95	-0.47	REITs/Real estate	0.58	0.98	-0.40	Telecommunication services	-	1.28	-1.28	Utilities	2.59	3.21	-0.62	Corporate bonds	32.09	31.11	0.98	Local collective investment schemes	6.29	5.70	0.59	Malaysian Government Securities	12.17	11.17	1.00	Money market deposits and cash equivalents	8.39	6.52	1.87	Total	100.00	100.00	
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Securities Lending / Repurchase Transactions	The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”).																																																																				
Cross Trade	There were no cross trades undertaken during the financial period under review.																																																																				
Distribution/ Unit splits	There is no income distribution and unit split declared for the financial period under review.																																																																				
State of Affairs	There has been neither significant changes to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial period under review.																																																																				
Rebates and Soft Commission	<p>During the period, the management company received soft commissions by virtue of transactions conducted for the Fund, in the form of research services, systems and services relating to performance measurement of portfolios and subscription fees for fund’s benchmark indices. All of these assist in the investment decision making process which are of demonstrable benefit to unitholders of the Fund.</p> <p>The company has soft commission arrangement with a total of 11 brokers, who execute trades for the Fund and other funds or investments managed by the company. The soft commission received would be in the form of research services, systems and services relating to performance measurement of portfolios and/or subscription fees for fund’s benchmark indices. All of these assist in the investment decision making process which are of demonstrable benefit to unitholders of the Fund and other funds or investments managed by the company.</p>																																																																				

	Soft commissions received were for the benefit of the Fund and there was no churning of trades.
Market Review	<p>For the reporting period under review, the FBMKLCI gained 3.67%, while Dow Jones gained 7.29%. The small caps outperformed the big caps with the Bursa Small Cap index gained 7.27% for the same period under review. In terms of sector performance, the Construction sector outperformed other sectors, advancing +24.07%. In contrast, the Technology sector, down by -2.99%. The top three gainers in KLCI components stocks were YTL Power International (+202.21%) and YTL Corp (+100%) and Telekom Malaysia (+16.31%), while the top losers were PPB Group (-13.41%), Nestle Malaysia Berhad (-10.75%) and Hong Leong Financial Group (-10.27%).</p> <p>In the 3rd Quarter (3Q) 2023, the new government policies (NETR) and reviews of previous ones (12MP) were cause for much of the excitement in Malaysia. The first phase of National Energy Transition Roadmap will bring investments worth RM25 billion and benefit utilities players across the entire value chain, accelerate battery storage adoption and set up a carbon capture storage framework. A key highlight was 10 flagship projects, including the establishment of a RE Zone that translates to 4GW of new Renewable Energy. While much of the focus for the quarter was on the 'new economy' appeal, the mid-term review (MTR) of the 12th Malaysia Plan (12MP, 2021-2025), was unveiled, remaining supportive of the sector's prospects, especially for connectivity plays where the pace is speeding up. 10 specific logistics projects were outlined. Combined with other Capex mentioned, estimates are for the pipeline to total RM95 billion (excluding MRT3 and high-speed rail), including private funded projects. While MRT3 was conspicuously missing in the MTR, the transport minister earlier noting the MRT historically relied on off-budget funding. Likewise, the High-Speed Rail revival will remain off balance sheet for now as a private endeavour.</p> <p>In the last quarter of the year, Malaysia's domestic thematic continues to remain strong, leading the market in gains. It was evident that State-driven themes led the excitement, with the rhetoric remaining intact for 2024. Alongside new government policies (National Energy Transformation Roadmap, New Industrial Master Plan), the mega infrastructure projects have returned with gusto. In 4th Quarter (4Q) alone, progress has been made in terms of planning for the High-Speed Rail, MRT3, LRT3, Penang LRT. Meanwhile the States of Johor and Sarawak have also proposed their own State rails. More details are expected to be unveiled for the Johor Special Economic Zone early January, catalytic for infrastructure and property plays. Utilities remain a focus with the upcoming renewable shift alongside data centre demand. Meanwhile, Malaysia's water sector will see reforms in terms of water tariff revisions, with Penang already announcing adjustments, coupled with the governments focus on fixing non-revenue water leakages.</p> <p>In January 2024, Bank Negara Malaysia (BNM, the Central Bank) at its 24 January 2024 meeting kept policy rate unchanged at 3.00% in line with market expectation. The Central Bank's last monetary policy action was in May 2023 with a rate hike of 25bps to its benchmark policy rate. It is expected that the BNM monetary policy stance will remain data dependent and skewed dovish with concern of price pressures on consumer demand and economic growth but is constrained from rate cuts by the need to manage price stability in the current environment of MYR weakness.</p>

Market Outlook	<p>Macro-economic conditions remain conducive despite a weaker 4th Quarter (4Q) 2023 real GDP growth. Positive GDP growth trend is expected to continue in 2024 in view of a stable BNM monetary policy underpinning resilient consumer spending, rebound in exports of goods and services amidst signs of manufacturing upturn underpinned by tech industry recovery and continued progress of on-going major infrastructure works and implementation of various Government policies announced last year.</p> <p>Meanwhile the recently concluded 4Q23 reporting season showed a mixed view with selected sectors missing consensus earnings estimates but was offset by a better showing from banks, gaming, telecommunication and property sectors. In general management guidance from the corporates on the outlook for the year was guarded, citing inflationary pressures and a weaker currency.</p> <p>Sentiment on the equity market is expected to improve as the market digests the positivity from the various government policy announcements and monitors the implementation. Going into 2024, we believe execution of the various policies launched in 2023 is key whilst fiscal reforms would continue to bring the country's balance sheet back to a stronger footing. The portfolio continues to position selectively into companies that are beneficiaries of the recent Budget and various government policy announcements namely 1) Johor plays; 2) Properties arising from relaxed MM2H policies; 3) Renewable energy transition, 4) Firmer Ringgit and 5) Anticipation of tourism and technology sector recovery.</p>
Additional Information	<p>The following information was updated:</p> <ol style="list-style-type: none"> 1) Mr Tai Terk Lin, an Independent Non-Executive Director of AmFunds Management Berhad ('AFM'), has retired from the Board and the Fund Management Division's Audit and Risk Management Committee with effect from 15 December 2023. 2) Mdm Jas Bir Kaur A/P Lol Singh, an Independent Non-Executive Director of AFM, has resigned as the Chairperson of the Investment Committee and has been appointed as a member of the Fund Management Division's Audit and Risk Management Committee with effect from 15 December 2023. 3) Mr Arnold Lim Boon Lay has been appointed as an Independent Non-Executive Director of AFM and the Chairman of the Investment Committee with effect from 15 December 2023.

Kuala Lumpur, Malaysia
AmFunds Management Berhad

18 March 2024

AmBalanced**STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2024**

	Note	31.01.2024 (unaudited) RM	31.07.2023 (audited) RM
ASSETS			
Investments	4	2,276,385	2,515,428
Dividend receivables		1,641	200
Amount due from brokers	5	52,325	16,648
Deposit with a licensed financial institution	6	223,018	166,014
Cash at bank		10,517	10,253
TOTAL ASSETS		<u>2,563,886</u>	<u>2,708,543</u>
LIABILITIES			
Amount due to brokers	5	63,323	-
Amount due to Manager	7	3,335	6,147
Amount due to Trustee	8	106	113
Sundry payables and accruals		12,142	11,162
TOTAL LIABILITIES		<u>78,906</u>	<u>17,422</u>
NET ASSET VALUE (“NAV”) OF THE FUND		<u>2,484,980</u>	<u>2,691,121</u>
EQUITY			
Unit holders’ capital	10(a)	(3,473,330)	(3,215,698)
Retained earnings	10(b)(c)	5,958,310	5,906,819
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	10	<u>2,484,980</u>	<u>2,691,121</u>
UNITS IN CIRCULATION	10(a)	<u>1,844,099</u>	<u>2,039,663</u>
NAV PER UNIT (RM)		<u>1.3475</u>	<u>1.3194</u>

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

AmBalanced**STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

		01.08.2023 to 31.01.2024	01.08.2022 to 31.01.2023
	Note	RM	RM
INVESTMENT INCOME			
Dividend/Distribution income		16,492	24,582
Interest income		27,393	25,650
Net gains from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	9	42,197	89,535
		<u>86,082</u>	<u>139,767</u>
EXPENDITURE			
Manager’s fee	7	(17,934)	(19,496)
Trustee’s fee	8	(639)	(703)
Audit fee		(2,772)	(2,785)
Tax agent’s fee		(2,514)	(2,521)
Brokerage and other transaction fees		(5,836)	(8,668)
Other expenses		(4,875)	(2,182)
		<u>(34,570)</u>	<u>(36,355)</u>
Net income before taxation		51,512	103,412
Taxation	12	(21)	(88)
Net income after taxation, representing total comprehensive income for the financial period		<u>51,491</u>	<u>103,324</u>
Total comprehensive income comprises the following:			
Realised losses		(27,321)	(22,493)
Unrealised gains		78,812	125,817
		<u>51,491</u>	<u>103,324</u>

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

AmBalanced**STATEMENT OF CHANGES IN EQUITY (Unaudited)
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 August 2023		(3,215,698)	5,906,819	2,691,121
Total comprehensive income for the financial period		-	51,491	51,491
Creation of units	10(a)	18,238	-	18,238
Cancellation of units	10(a)	(275,870)	-	(275,870)
Balance at 31 January 2024		<u>(3,473,330)</u>	<u>5,958,310</u>	<u>2,484,980</u>
At 1 August 2022		(2,806,749)	5,809,895	3,003,146
Total comprehensive income for the financial period		-	103,324	103,324
Creation of units		77,017	-	77,017
Cancellation of units		(393,958)	-	(393,958)
Balance at 31 January 2023		<u>(3,123,690)</u>	<u>5,913,219</u>	<u>2,789,529</u>

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

AmBalanced**STATEMENT OF CASH FLOWS (Unaudited)
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

	Note	01.08.2023 to 31.01.2024 RM	01.08.2022 to 31.01.2023 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of investments		820,466	1,393,712
Purchases of investments		(514,065)	(1,052,470)
Dividends/Distributions received		15,030	25,085
Interest received		29,879	24,296
Manager's fee paid		(18,097)	(19,113)
Trustee's fee paid		(646)	(696)
Payments for other expenses		(15,018)	(9,764)
Net cash generated from operating and investing activities		<u>317,549</u>	<u>361,050</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		18,238	102,219
Payments for cancellation of units		(278,519)	(393,958)
Net cash used in financing activities		<u>(260,281)</u>	<u>(291,739)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		57,268	69,311
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		<u>176,267</u>	<u>324,510</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD		<u>233,535</u>	<u>393,821</u>
Cash and cash equivalents comprise:			
Deposit with a licensed financial institution	6	223,018	383,028
Cash at bank		10,517	10,793
		<u>233,535</u>	<u>393,821</u>

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

AmBalanced

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

1. GENERAL INFORMATION

AmBalanced (the “Fund”) was established pursuant to a Deed dated 11 September 2003 as amended by Deeds supplemental thereto (the “Deeds”), between AmFunds Management Berhad as the Manager, HSBC (Malaysia) Trustee Berhad as the Trustee and all unit holders.

The Fund was set up with the objective of growing the value of investments in longer term with lower volatility through asset diversification. As provided in the Deeds, the financial year shall end on 31 July and the units in the Fund were first offered for sale on 16 September 2003.

The financial statements were authorised for issue by the Manager on 18 March 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared on a historical cost basis, except as otherwise stated in the accounting policies and comply with Malaysian Financial Reporting Standards 134: Interim Financial Reporting (“MFRS 134”) as issued by the Malaysian Accounting Standards Board (“MASB”).

Standards effective during the financial period

The adoption of the following 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 and Amendments to MFRS 17*</i>	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information (Amendments to MFRS 17 Insurance Contracts)*</i>	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current</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 Estimates 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 - Pillar Two Model Rules</i>	1 January 2023

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D.)

Standards issued but not yet effective

The standards and amendments to standards that have been issued but not yet effective up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new pronouncements, if applicable, when they become effective.

Description	Effective for financial periods beginning on or after
Amendments to MFRS 16 Leases: <i>Lease Liability in a Sale and Leaseback*</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements: Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 <i>Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*</i>	Deferred

* These MFRS and Amendments to MFRSs are not relevant to the Fund.

3. SUMMARY OF ACCOUNTING POLICIES

3.1 Income recognition

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

(i) Dividend/Distribution income

Dividend/Distribution income is recognised when the Fund's right to receive payment is established.

(ii) Interest income

For all interest-bearing financial assets, interest income is calculated using the effective interest method. Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.1 Income recognition (cont'd.)

(ii) Interest income (cont'd.)

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(iii) Gain or loss on disposal of investments

On disposal of investments, the net realised gain or loss on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the investments. The net realised gain or loss is recognised in profit or loss.

3.2 Income tax

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

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

3.3 Functional and presentation currency

Functional currency is the currency of the primary economic environment in which the Fund operates that most faithfully represents the economic effects of the underlying transactions. The functional currency of the Fund is Ringgit Malaysia ("RM") which reflects the currency in which the Fund competes for funds, issues and redeems units. The Fund has also adopted RM as its presentation currency.

3.4 Statement of cash flows

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

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to cash with insignificant risk of changes in value.

3.5 Distribution

Distribution are at the discretion of the Manager. A distribution to the Fund's unit holders is accounted for as a deduction from retained earnings and realised income. Realised income is the income earned from dividend/distribution income, interest income and net gain on disposal of investments after deducting expenses and taxation. A proposed distribution is recognised as a liability in the period in which it is approved. Distribution is either reinvested or paid in cash to the unit holders 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.6 Unit holders' capital

The unit holders' capital of the Fund meets the definition of puttable instruments and is classified as equity instruments under MFRS 132 *Financial Instruments: Presentation* ("MFRS 132").

3.7 Financial assets – initial recognition and measurement

(i) Initial recognition

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised using trade date accounting or settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category of financial assets.

(ii) Initial measurement

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at FVTPL, transaction costs that are attributable to the acquisition of the financial asset. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not recorded at FVTPL, net of directly attributable transaction costs.

(iii) "Day 1" profit or loss

At initial measurement, if the transaction price differs from the fair value, the Fund immediately recognises the difference between the transaction price and fair value (a "Day 1" profit or loss) in profit or loss provided that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets. In all other cases, the difference between the transaction price and model value is recognised in profit or loss on a systematic and rational basis that reflects the nature of the instrument over its tenure.

3.8 Financial assets – classification and subsequent measurement

(i) Debt instruments

The classification and subsequent measurement of debt instruments held by the Fund are determined based on their business model and cash flow characteristics.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.8 Financial assets – classification and subsequent measurement (cont'd.)

(i) Debt instruments (cont'd.)

Business model

The business model reflects how the Fund manages the financial assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets, or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. the financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model. Factors considered by the Fund in determining the business model for a portfolio of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, and how risks are assessed and managed.

Cash flow characteristics

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Fund assesses whether the financial assets' contractual cash flows represent solely payment of principal and interest ("SPPI"). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

(ii) Equity instruments and collective investment schemes ("CIS")

The Fund subsequently measures its investments in equity investments and CIS at FVTPL. Dividends/Distributions earned whilst holding the investments are recognised in profit or loss when the right to receive the payment has been established. Gains and losses on the investments, realised and unrealised, are included in profit or loss.

3.9 Financial assets under MFRS 9

Classification and measurement

The classification of financial assets depends on the Fund's business model of managing the financial assets in order to generate cash flows ("business model test") and the contractual cash flow characteristics of the financial instruments ("SPPI test"). The business model test determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both and the assessment is performed on a portfolio basis. The SPPI test determines whether the contractual cash flows are solely for payments of principal and interest and the assessment is performed on a financial instrument basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.9 Financial assets under MFRS 9 (cont'd.)

Classification and measurement (cont'd.)

The Fund may classify its financial assets under the following categories:

Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets include in this category are deposits with licensed financial institution, cash at banks, amount due from Target Fund Manager, amount due from Manager, amount due from brokers/financial institutions, dividend/distribution receivables and other receivables.

Financial assets at FVOCI

A financial asset is measured at fair value through other comprehensive income ("FVOCI") if its business model is both to hold the asset to collect contractual cash flows and to sell the financial asset. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal.

These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. All fair value adjustments are initially recognised through OCI. Debt instruments at FVOCI are subject to impairment assessment.

Financial assets at FVTPL

Any financial assets that are not measured at amortised cost or FVOCI are measured at FVTPL. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in "Net gain or loss on financial assets at FVTPL". Dividend/Distribution revenue and interest earned elements of such instruments are recorded separately in "Dividend/Distribution income" and "Interest income" respectively.

Instruments that qualify for amortised cost or FVOCI may be irrevocably designated as FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments are normally measured at FVTPL, nevertheless, the Fund is allowed to irrevocably designate equity instruments that are not held for trading as FVOCI, with no subsequent reclassification of gains or losses to profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.10 Financial liabilities – classification and subsequent measurement

Financial liabilities issued by the Fund are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holders. After initial measurement, financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

3.11 Derecognition of financial instruments

(i) Derecognition of financial asset

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and 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.

For investments classified as FVOCI - debt instruments, the cumulative fair value change recognised in OCI is recycled to profit or loss.

(ii) Derecognition of financial liability

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

3.12 Financial instruments – expected credit losses (“ECL”)

The Fund assesses the ECL associated with its financial assets at amortised cost using simplified approach. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The ECL in respect of financial assets at amortised cost, if any, is recognised in profit or loss.

Financial assets together with the associated allowance are written off when it has exhausted all practical recovery efforts and there is no realistic prospect of future recovery. The Fund may also write-off financial assets that are still subject to enforcement activity when there is no reasonable expectation of full recovery. If a write-off is later recovered, the recovery is credited to profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.13 Determination of fair value

For investments in local quoted equity securities, fair value is determined based on the closing price quoted on Bursa Malaysia Berhad. For investments in CIS, fair value is determined based on the closing NAV per unit of the CIS. Purchased cost is the quoted price that the Fund paid when buying its investments. For investments in local fixed income securities, nominal value is the face value of the securities and fair value is determined based on the indicative prices from Bond Pricing Agency Malaysia Sdn. Bhd. plus accrued interest, which includes the accretion of discount and amortisation of premium. Adjusted cost of investments relates to the purchased cost plus accrued interest, adjusted for amortisation of premium and accretion of discount, if any, calculated over the period from the date of acquisition to the date of maturity of the respective securities as approved by the Manager and the Trustee. The difference between purchased/adjusted cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gains or losses recognised in profit or loss are not distributable in nature.

3.14 Classification of realised and unrealised gains and losses

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

Realised gains and losses on disposals of financial instruments classified at FVTPL are calculated using weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

3.15 Significant accounting estimates and judgments

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

The Fund classifies its investments as financial assets at FVTPL as the Fund may sell its investments in the short-term for profit-taking or to meet unit holders' cancellation of units.

No major judgments have been made by the Manager in applying the Fund's accounting policies. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

4. INVESTMENTS

	31.01.2024	31.07.2023
	RM	RM
Financial assets at FVTPL		
Quoted equity securities	1,020,193	1,209,382
Quoted CIS	-	14,940
Unquoted CIS	156,257	153,314
Unquoted fixed income securities	1,099,935	1,137,792
	<u>2,276,385</u>	<u>2,515,428</u>

Details of investments as at 31 January 2024 are as follows:

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
Quoted equity securities				
Consumer discretionary				
Bermaz Auto Berhad	6,000	14,640	14,040	0.59
Bonia Corporation Berhad	10,000	17,300	21,064	0.69
Genting Berhad	5,000	23,600	23,411	0.95
Genting Malaysia Berhad	17,000	45,900	46,478	1.85
	<u>38,000</u>	<u>101,440</u>	<u>104,993</u>	<u>4.08</u>
Consumer staples				
Farm Fresh Berhad	23,000	32,890	32,857	1.32
Kuala Lumpur Kepong Berhad	1,000	22,220	21,972	0.90
QL Resources Berhad	8,500	49,555	29,297	1.99
Sarawak Oil Palms Berhad	5,000	13,800	12,950	0.56
	<u>37,500</u>	<u>118,465</u>	<u>97,076</u>	<u>4.77</u>
Energy				
Bumi Armada Berhad	22,000	12,320	10,580	0.50
Velesto Energy Berhad	72,000	18,720	15,905	0.75
Yinson Holdings Berhad	5,000	12,850	12,388	0.52
	<u>99,000</u>	<u>43,890</u>	<u>38,873</u>	<u>1.77</u>
Financials				
AEON Credit Service (M) Berhad	2,000	11,800	13,016	0.47
Alliance Bank Malaysia Berhad	12,000	41,160	43,717	1.66
CIMB Group Holdings Berhad	12,000	74,760	70,775	3.01
Public Bank Berhad	12,000	52,680	52,511	2.12
RHB Bank Berhad	6,000	33,600	33,800	1.35
Syarikat Takaful Malaysia Keluarga Berhad	8,000	30,320	34,097	1.22
	<u>52,000</u>	<u>244,320</u>	<u>247,916</u>	<u>9.83</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 January 2024 are as follows: (cont'd.)

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
Quoted equity securities (cont'd.)				
Health care				
Focus Point Holdings Berhad	34,000	24,310	26,245	0.98
Hartalega Holdings Berhad	10,000	27,400	27,731	1.10
IHH Healthcare Berhad	7,000	42,700	41,950	1.72
	<u>51,000</u>	<u>94,410</u>	<u>95,926</u>	<u>3.80</u>
Industrials				
CTOS Digital Berhad	19,000	26,790	27,607	1.08
Malaysia Airports Holdings Berhad	2,000	15,380	13,915	0.62
My E.G. Services Berhad	34,000	26,520	26,265	1.07
Pentamaster Corporation Berhad	3,000	12,120	13,826	0.49
Vestland Berhad	30,000	9,600	11,717	0.38
	<u>88,000</u>	<u>90,410</u>	<u>93,330</u>	<u>3.64</u>
Information technology				
Cape EMS Berhad	11,000	11,660	13,090	0.47
Cloudpoint Technology Berhad	63,000	32,760	36,370	1.32
Genetec Technology Berhad	19,300	36,670	48,173	1.48
Greotech Technology Berhad	8,600	39,302	51,902	1.58
Inari Amertron Berhad	10,200	32,436	33,945	1.30
ITMAX System Berhad	8,000	16,000	14,056	0.64
SKP Resources Bhd.	14,000	9,450	13,252	0.38
V.S. Industry Berhad	12,000	8,640	10,939	0.35
	<u>146,100</u>	<u>186,918</u>	<u>221,727</u>	<u>7.52</u>
Materials				
Press Metal Aluminium Holdings Berhad	13,000	61,620	68,990	2.48
Real estate				
S P Setia Berhad	16,000	14,400	14,131	0.58
Utilities				
Tenaga Nasional Berhad	6,000	64,320	56,159	2.59
Total quoted equity securities	<u>546,600</u>	<u>1,020,193</u>	<u>1,039,121</u>	<u>41.06</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 January 2024 are as follows: (cont'd.)

Name of trust	Number of units	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
Unquoted CIS				
AmBond*	30,662	41,476	40,153	1.67
AmIslamic Global SRI*	102,520	114,781	102,460	4.62
Total unquoted CIS	133,182	156,257	142,613	6.29

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Unquoted fixed income securities					
Corporate bonds					
19.09.2025	UEM Sunrise Berhad	200,000	203,543	203,123	8.19
28.05.2027	Exsim Capital Resources Berhad	50,000	51,021	50,630	2.05
29.10.2027	Eco World Capital Berhad	100,000	107,238	101,450	4.32
09.11.2029	Petroleum Sarawak Exploration & Production Sdn. Bhd.	250,000	269,492	253,422	10.84
06.10.2038	Solarpack Suria Sungai Petani Sdn. Bhd.	100,000	108,718	102,584	4.38
30.06.2042	Tenaga Nasional Berhad	50,000	57,514	50,249	2.31
Total corporate bonds		750,000	797,526	761,458	32.09

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 January 2024 are as follows: (cont'd.)

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Unquoted fixed income securities (cont'd.)					
Malaysian Government Securities					
31.05.2027	Government of Malaysia	<u>300,000</u>	<u>302,409</u>	<u>309,114</u>	<u>12.17</u>
Total Malaysian Government Securities		<u>300,000</u>	<u>302,409</u>	<u>309,114</u>	<u>12.17</u>
Total unquoted fixed income securities		<u>1,050,000</u>	<u>1,099,935</u>	<u>1,070,572</u>	<u>44.26</u>
Total financial assets at FVTPL			<u>2,276,385</u>	<u>2,252,306</u>	<u>91.61</u>
Excess of fair value over purchased/adjusted cost			<u>24,079</u>		

* These CIS are managed by the Manager

5. AMOUNT DUE FROM/TO BROKERS

Amount due from/to brokers arose from the sale/purchase of investments. The settlement period is within two business days from the transaction.

6. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	31.01.2024 RM	31.07.2023 RM
At nominal value:		
Short-term deposit	<u>223,000</u>	<u>166,000</u>
At carrying value:		
Short-term deposit	<u>223,018</u>	<u>166,014</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

6. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION (CONT'D.)

Details of deposit with a licensed financial institution are as follows:

Maturity date	Financial Institution	Nominal value RM	Carrying value RM	Carrying value as a percentage of NAV %
31.01.2024				
Short-term deposit				
02.02.2024	CIMB Bank Berhad	<u>223,000</u>	<u>223,018</u>	<u>8.97</u>

7. AMOUNT DUE TO MANAGER

	Note	31.01.2024 RM	31.07.2023 RM
Due to Manager			
Cancellation of units	(i)	-	2,649
Manager's fee payable	(ii)	<u>3,335</u>	<u>3,498</u>
		<u>3,335</u>	<u>6,147</u>

(i) This amount represents amount payable to the Manager for units cancelled.

The normal credit period in the previous financial year and current financial period for cancellation of units is three business days.

(ii) Manager's fee is at a rate of 1.50% (31.07.2023: 1.50%) per annum on the NAV of the Fund, calculated on a daily basis. As the Fund invested in the CIS, the Manager's fee related to the CIS has been charged by the Manager.

According to Securities Commission Malaysia's Guidelines on Unit Trust Funds, Manager's fee can only be charged once and hence, no Manager's fee can be charged on the NAV of the unquoted CIS of this Fund to avoid double charging of Manager's fee.

The normal credit period in the previous financial year and current financial period for Manager's fee payable is one month.

8. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.05% (31.07.2023: 0.05%) per annum on the NAV of the Fund, calculated on a daily basis.

The normal credit period in the previous financial year and current financial period for Trustee's fee payable is one month.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

9. NET GAINS FROM INVESTMENTS

	01.08.2023 to 31.01.2024 RM	01.08.2022 to 31.01.2023 RM
Net gains on financial assets at FVTPL comprised:		
– Net realised losses on sale of investments	(36,615)	(36,282)
– Net unrealised gains on changes in fair value of investments	78,812	125,817
	<u>42,197</u>	<u>89,535</u>

10. TOTAL EQUITY

Total equity is represented by:

	Note	31.01.2024 RM	31.07.2023 RM
Unit holders' capital	(a)	(3,473,330)	(3,215,698)
Retained earnings			
– Realised income	(b)	5,934,231	5,961,552
– Unrealised gain/(loss)	(c)	24,079	(54,733)
		<u>2,484,980</u>	<u>2,691,121</u>

(a) Unit holders' capital/units in circulation

	31.01.2024		31.07.2023	
	Number of units	RM	Number of units	RM
At beginning of the financial period/year	2,039,663	(3,215,698)	2,362,032	(2,806,749)
Creation during the financial period/year	13,708	18,238	144,357	186,727
Cancellation during the financial period/year	<u>(209,272)</u>	<u>(275,870)</u>	<u>(466,726)</u>	<u>(595,676)</u>
At end of the financial period/year	<u>1,844,099</u>	<u>(3,473,330)</u>	<u>2,039,663</u>	<u>(3,215,698)</u>

The negative balance of unit holders' capital is due to the cancellation of units at a higher NAV per unit following the price appreciation of the Fund as compared to the units being created at a lower NAV per unit in prior years.

AmBalanced

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

10. TOTAL EQUITY (CONT'D.)

(b) Realised – distributable

	31.01.2024 RM	31.07.2023 RM
At beginning of the financial period/year	5,961,552	6,001,722
Net realised losses for the financial period/year	<u>(27,321)</u>	<u>(40,170)</u>
At end of the financial period/year	<u>5,934,231</u>	<u>5,961,552</u>

(c) Unrealised – non-distributable

	31.01.2024 RM	31.07.2023 RM
At beginning of the financial period/year	(54,733)	(191,827)
Net unrealised gains for the financial period/year	<u>78,812</u>	<u>137,094</u>
At end of the financial period/year	<u>24,079</u>	<u>(54,733)</u>

11. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

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

Related parties

AmFunds Management Berhad
AmInvestment Bank Berhad
AMMB Holdings Berhad ("AMMB")
Subsidiaries and associates of AMMB
as disclosed in its financial statements

Relationships

The Manager
Holding company of the Manager
Ultimate holding company of the Manager
Subsidiaries and associate companies of
the ultimate holding company of the
Manager

There are no units held by the Manager or any related party as at 31 January 2024 and 31 July 2023.

12. TAXATION

	01.08.2023 to 31.01.2024 RM	01.08.2022 to 31.01.2023 RM
Local tax	<u>21</u>	<u>88</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

12. TAXATION (CONT'D.)

Income tax payable is calculated on investment income less deduction for permitted expenses as provided under Section 63B of the Income Tax Act, 1967.

The taxation charged for the financial period is related to withholding tax derived from local REITs.

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 of the Fund is as follows:

	01.08.2023 to 31.01.2024 RM	01.08.2022 to 31.01.2023 RM
Net income before taxation	<u>51,512</u>	<u>103,412</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	12,363	24,819
Tax effects of:		
Income not subject to tax	(29,732)	(42,164)
Losses not allowed for tax deduction	9,094	8,707
Restriction on tax deductible expenses for unit trust fund	4,472	4,811
Non-permitted expenses for tax purposes	3,327	3,380
Permitted expenses not used and not available for future financial periods	<u>497</u>	<u>535</u>
Tax expense for the financial period	<u>21</u>	<u>88</u>

13. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	01.08.2023 to 31.01.2024 % p.a.	01.08.2022 to 31.01.2023 % p.a.
Manager’s fee	0.71	0.71
Trustee’s fee	0.03	0.02
Fund’s other expenses	<u>0.39</u>	<u>0.27</u>
Total TER	<u>1.13</u>	<u>1.00</u>

The TER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis.

14. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investments to the average NAV of the Fund calculated on a daily basis, is 0.28 times (2023: 0.45 times).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

15. SEGMENTAL REPORTING

The Manager and Investment Committee of the Fund are responsible for allocating resources available to the Fund in accordance with the overall investment strategies as set out in the Investment Guidelines of the Fund. The Fund is managed by three segments:

- A portfolio of equity instruments;
- A portfolio of CIS; and
- A portfolio of fixed income instruments, including deposit with a licensed financial institution.

The investment objective of each segment is to achieve consistent returns from the investments in each segment while safeguarding capital by investing in diversified portfolios. There have been no changes in reportable segments in the current financial period.

	Equity portfolio RM	CIS portfolio RM	Fixed income portfolio RM	Total RM
01.08.2023 to 31.01.2024				
Dividend/Distribution income	15,921	571	-	16,492
Interest income	-	-	27,393	27,393
Net gains from investments:				
- Financial assets at FVTPL	22,811	2,765	16,621	42,197
Total segment investment income for the financial period	<u>38,732</u>	<u>3,336</u>	<u>44,014</u>	<u>86,082</u>
01.08.2022 to 31.01.2023				
Dividend/Distribution income	20,946	3,636	-	24,582
Interest income	-	-	25,650	25,650
Net gain/(loss) from investments:				
- Financial assets at FVTPL	75,492	(6,486)	20,529	89,535
Total segment investment income/(loss) for the financial period	<u>96,438</u>	<u>(2,850)</u>	<u>46,179</u>	<u>139,767</u>
31.01.2024				
Financial assets at FVTPL	1,020,193	156,257	1,099,935	2,276,385
Dividend receivables	1,641	-	-	1,641
Amount due from brokers	52,325	-	-	52,325
Deposit with a licensed financial institution	-	-	223,018	223,018
Total segment assets	<u>1,074,159</u>	<u>156,257</u>	<u>1,322,953</u>	<u>2,553,369</u>
Amount due to brokers	<u>63,323</u>	-	-	<u>63,323</u>
Total segment liability	<u>63,323</u>	-	-	<u>63,323</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

15. SEGMENTAL REPORTING (CONT'D.)

	Equity portfolio RM	CIS portfolio RM	Fixed income portfolio RM	Total RM
31.07.2023				
Financial assets at FVTPL	1,209,382	168,254	1,137,792	2,515,428
Dividend receivables	200	-	-	200
Amount due from brokers	16,648	-	-	16,648
Deposit with a licensed financial institution	-	-	166,014	166,014
Total segment assets	<u>1,226,230</u>	<u>168,254</u>	<u>1,303,806</u>	<u>2,698,290</u>

Expenses of the Fund are not considered part of the performance of any investment segment. The following table provides reconciliation between the net reportable segment income and net income after taxation:

	01.08.2023 to 31.01.2024 RM	01.08.2022 to 31.01.2023 RM
Net reportable segment investment income	86,082	139,767
Less: Expenses	(34,570)	(36,355)
Net income before taxation	<u>51,512</u>	<u>103,412</u>
Taxation	(21)	(88)
Net income after taxation	<u>51,491</u>	<u>103,324</u>

In addition, certain assets and liabilities are not considered to be part of the net assets or liabilities of an individual segment. The following table provides reconciliation between the net reportable segment assets and liabilities and total assets and liabilities of the Fund.

	31.01.2024 RM	31.07.2023 RM
Total segment assets	2,553,369	2,698,290
Cash at bank	10,517	10,253
Total assets of the Fund	<u>2,563,886</u>	<u>2,708,543</u>
Total segment liabilities	63,323	-
Amount due to Manager	3,335	6,147
Amount due to Trustee	106	113
Sundry payables and accruals	12,142	11,162
Total liabilities of the Fund	<u>78,906</u>	<u>17,422</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

16. TRANSACTIONS WITH THE MANAGER AND BROKERS

Details of transactions with the Manager and brokers for the financial period ended 31 January 2024 are as follows:

	Transaction value		Brokerage fee, stamp duty and clearing fee	
	RM	%	RM	%
Public Investment Bank Berhad	666,709	46.50	2,904	49.77
AmInvestment Bank Berhad*	357,420	24.93	1,658	28.41
RHB Investment Bank Berhad	105,518	7.36	520	8.91
Hong Leong Bank Berhad	102,450	7.14	-	-
Maybank Investment Bank Berhad	86,325	6.02	464	7.95
Hong Leong Investment Bank Berhad	50,895	3.55	230	3.93
United Overseas Bank (Malaysia) Bhd	50,157	3.50	-	-
Affin Investment Berhad	14,000	0.98	60	1.03
AmFunds Management Berhad	357	0.02	-	-
	<u>1,433,831</u>	<u>100.00</u>	<u>5,836</u>	<u>100.00</u>

* A financial institution related to the Manager.

The Manager is of the opinion that the above transactions have been entered in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

The above transactions are in respect of listed securities, CIS and fixed income instruments. Transactions in unquoted CIS and fixed income instruments do not involve any commission or brokerage fee.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks that include market risk, credit risk, liquidity risk, single issuer risk, regulatory risk, management risk and non-compliance risk.

Risk management is carried out by closely monitoring, measuring and mitigating the above said risks, careful selection of investments coupled with stringent compliance to investment restrictions as stipulated by the Capital Market and Services Act 2007, Securities Commission Malaysia's Guidelines on Unit Trust Funds and the Deed as the backbone of risk management of the Fund.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Market risk

The Fund's principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments.

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

(i) Price risk

Price risk refers to the uncertainty of an investment's future prices. In the event of adverse price movements, the Fund might endure potential loss on its investments. In managing price risk, the Manager actively monitors the performance and risk profile of the investment portfolio.

(ii) Interest rate risk

Interest rate risk will affect the value of the Fund's investments, given the interest rate movements, which are influenced by regional and local economic developments as well as political developments.

Domestic interest rates on deposits and placements with licensed financial institutions are determined based on prevailing market rates.

(b) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. The Fund would be exposed to the risk of bond issuers and financial institutions defaulting on their repayment obligations which in turn would affect the NAV of the Fund.

For deposit with a licensed financial institution, the Fund makes placements with financial institution with sound rating of P1/MARC-1 and above. Cash at bank is held for liquidity purposes and is not exposed to significant credit risk.

(c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise of deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Single issuer risk

Internal policy restricts the Fund from investing in securities issued by any issuer of not more than a certain percentage of its NAV. Under such restriction, the risk exposure to the securities of any single issuer is diversified and managed based on internal/external ratings.

(e) Regulatory risk

Any changes in national policies and regulations may have effects on the capital market and the NAV of the Fund.

(f) Management risk

Poor management of the Fund may cause considerable losses to the Fund that in turn may affect the NAV of the Fund.

(g) Non-compliance risk

This is the risk of the Manager or the Trustee not complying with the respective internal policies, the Deed and its Supplemental Deed, securities laws or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the Fund.

AmBalanced

STATEMENT BY THE MANAGER

I, Goh Wee Peng, being the Director of and on behalf of the Board of Directors of AmFunds Management Berhad (the “Manager”), do hereby state that in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards 134: *Interim Financial Reporting* (“MFRS 134”) so as to give a true and fair view of the financial position of AmBalanced (the “Fund”) as at 31 January 2024 and the comprehensive income, the changes in equity and cash flows for the financial period then ended.

For and on behalf of the Manager

GOH WEE PENG

Executive Director

Kuala Lumpur, Malaysia

18 March 2024

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AMBALANCED ("Fund")

We have acted as Trustee of the Fund for the financial period ended 31 January 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AmFunds Management Berhad 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 Management Company under the Deeds, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
18 March 2024

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AmFunds Management Berhad
P.O Box 13611, 50816 Kuala Lumpur

*For enquiries about this or any of the other Funds offered by AmFunds Management Berhad
Please call 2032 2888 between 8.45 a.m. to 5.45 p.m. (Monday to Thursday),
Friday (8.45 a.m. to 5.00 p.m.)*

