

Semi-Annual Report for

AmConservative

31 October 2023



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 AmConservative ("Fund") for the financial period from 1 May 2023 to 31 October 2023.

Salient Information of the Fund

Name	AmConservative ("Fund")
Category/ Type	Fixed Income / Income
Objective	<p>The Fund aims to preserve capital* and provide a stream of income** by having a bigger exposure to fixed income investments than equities.</p> <p><i>Note:</i> * <i>The Fund is neither a capital guaranteed fund nor a capital protected fund.</i> ** <i>The income could be in the form of units or cash.</i> <i>Any material change to the investment objective of the Fund would require Unit Holders' approval.</i></p>
Duration	<p>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.</p>
Performance Benchmark	<ul style="list-style-type: none">• 15% FTSE Bursa Malaysia Top 100 Index ("FBMT 100")• 85% Quantshop Medium MGS Index ("MMGS") (Available at www.aminvest.com) <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 Quantshop Medium MGS index. 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	<p>Income distribution (if any) is paid at least twice every year.</p>

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 31 October 2023 and for the past three financial years are as follows:				
		As at 31.10.2023 %	As at 30 April		
		2023 %	2022 %	2021 %	
	Corporate bonds	57.44	48.33	4.51	64.54
	Local collective investment scheme	12.59	17.24	83.43	6.86
	Malaysian government securities	-	12.61	-	9.37
	Money market deposits and cash equivalents	29.97	21.82	12.06	19.23
	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 October 2023 and three financial years ended 30 April are as follows:				
		FPE 31.10.2023	FYE 2023	FYE 2022	FYE 2021
	Net asset value (RM)	2,660,151*	3,283,632	653,962	3,360,833
	Units in circulation	2,341,942*	2,914,951	1,149,425	5,548,349
	Net asset value per unit (RM)	1.1359*	1.1265	0.5689	0.6057
	Highest net asset value per unit (RM)	1.1479*	2.4029	0.6098	0.6228
	Lowest net asset value per unit (RM)	1.1267*	0.5581	0.5686	0.5891
	Benchmark performance (%)	0.68	4.03	-1.87	4.75
	Total return (%) ⁽¹⁾	0.84	323.99	-1.97	4.50
	- Capital growth (%)	0.84	98.99	-6.10	2.80
	- Income distributions (%)	-	225.00	4.13	1.70
	Gross distributions (sen per unit)	-	128.00	2.50	1.00
	Net distributions (sen per unit)	-	128.00	2.50	1.00
	Total expense ratio (%) ⁽²⁾	1.07	2.61	2.26	1.82
	Portfolio turnover ratio (times) ⁽³⁾	0.29	0.68	1.70	0.31
	* Above prices and net asset value per unit are not shown as ex-distribution.				
	<i>Note:</i>				
	(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 October 2023)

	AmConservative ^(a) %	15% FBMT 100 & 85% MMGS ^(b) %
One year	334.06	4.91
Three years	61.26	1.09
Five years	35.70	2.89
Ten years	18.55	2.97

Annual Total Return

Financial Years Ended (30 April)	AmConservative ^(a) %	15% FBMT 100 & 85% MMGS ^(b) %
2023	323.99	4.03
2022	-1.97	-1.87
2021	4.50	4.75
2020	1.70	4.66
2019	1.29	2.66

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

(b) 15% FTSE Bursa Malaysia Top 100 Index ("FBMT 100") & 85% Quantshop Medium MGS Index ("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.

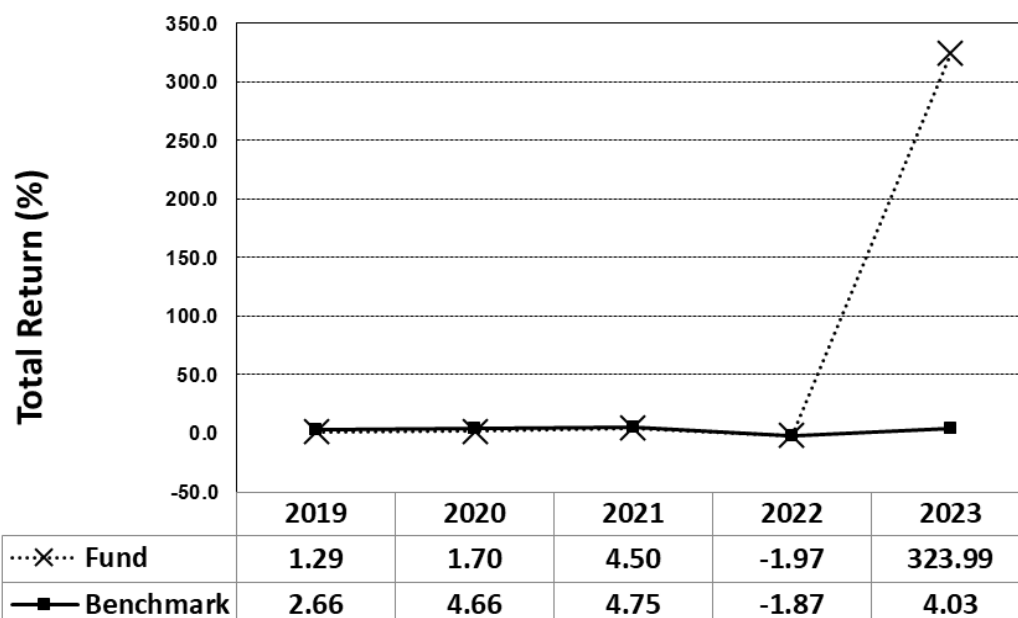
Fund Performance

For the financial period under review, the Fund registered a return of 0.84% which is entirely capital growth in nature.

Thus, the Fund's return of 0.84% has outperformed the benchmark's return of 0.68% by 0.16%.

As compared with the financial year ended 30 April 2023, the net asset value ("NAV") per unit of the Fund increased by 0.83% from RM1.1265 to RM1.1359, while units in circulations decreased by 19.66% from 2,914,951 units to 2,341,942 units.

The following line chart shows comparison between the annual performances of AmConservative and its benchmark, 85% MMGS and 15% FBMT 100, for the financial years ended 30 April.



Financial Years Ended (30 April)

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

The Fund can have an equity exposure up to 30% and the remaining in fixed income instruments. In managing the Fund, the Manager may opt to invest in the investments either directly or via collective investment schemes.

Equity

The Fund can invest up to a maximum 30% of its Net Asset Value (“NAV”) in equities. Value-add from equity investments is derived from active stock selection with focus on undervalued stocks relative to its earnings growth potential. In the event that outlook for equity investments is not conducive, the Fund can choose to have zero exposure in equity securities.

Fixed Income

The Fund can invest up to a maximum of 95% of its NAV in fixed income instruments. In buying and selling fixed income instruments for the Fund, the Manager uses active management.

The Manager will also:

- analyze the general economic and market conditions;
- use models that analyze and compare expected returns and assumed risk;
- focus on fixed income instruments that would deliver better returns for a given level of risk; and
- consider fixed income instruments with a better credit outlook and potential for capital appreciation.

The Manager 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.

The Fund invests in Malaysia and up to 30% of its NAV in foreign eligible markets.

Portfolio Structure	<p>The table below is the asset allocation of the Fund as at 31 October 2023 and 30 April 2023.</p> <table border="1" data-bbox="379 219 1522 533"> <thead> <tr> <th></th> <th>As at 31.10.2023 %</th> <th>As at 30.04.2023 %</th> <th>Changes %</th> </tr> </thead> <tbody> <tr> <td>Corporate bonds</td> <td>57.44</td> <td>48.33</td> <td>9.11</td> </tr> <tr> <td>Local collective investment scheme</td> <td>12.59</td> <td>17.24</td> <td>-4.65</td> </tr> <tr> <td>Malaysian government securities</td> <td>-</td> <td>12.61</td> <td>-12.61</td> </tr> <tr> <td>Money market deposits and cash equivalents</td> <td>29.97</td> <td>21.82</td> <td>8.15</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, 57.44% of the portfolio's NAV was invested in corporate bonds, 12.59% of its NAV in local collective investment schemes while the remaining 29.97% in money market deposits and cash equivalents.</p>		As at 31.10.2023 %	As at 30.04.2023 %	Changes %	Corporate bonds	57.44	48.33	9.11	Local collective investment scheme	12.59	17.24	-4.65	Malaysian government securities	-	12.61	-12.61	Money market deposits and cash equivalents	29.97	21.82	8.15	Total	100.00	100.00	
	As at 31.10.2023 %	As at 30.04.2023 %	Changes %																						
Corporate bonds	57.44	48.33	9.11																						
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Money market deposits and cash equivalents	29.97	21.82	8.15																						
Total	100.00	100.00																							
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	During the period, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.																								
Market Review	<p>The local bond market was relatively resilient despite United States Treasuries (UST) movements. The Malaysian government bonds bull flattened during the 1H23, with yields declining by as much as 82bps in the long end part of the curve. This was supported by strong foreign inflows and expectations that Bank Negara Malaysia (BNM) is at the end of the current rate hike cycle after a 25bps hike in Overnight Policy Rate (OPR) to pre-pandemic level of 3.00% on 3 May. Bank Negara Malaysia kept the OPR unchanged at 3.00% during the July and September Monetary Policy Committee meetings, as widely expected.</p> <p>However, local fixed income market took cue from the selloff in the UST in the month of September and October 2023 and saw yields rising across the curve. Much of the movement was due to the more hawkish guidance from the US Federal Reserve. Notably, both the 10-year and 30-year UST touched the psychologically significant 5.00% level. In addition to the external factors, local bond market sentiment was also weighed by concerns over Malaysian government bond supply. Overall, the Malaysia Government Securities (MGS) yield curve shifted upwards, with yields rising by 9 to 17bps from end-August 2023.</p>																								

Market Outlook	<p>With the latest US Federal Reserve and BNM policy actions at their respective meetings, the bond market staged a rally after weeks of selling pressure. Moving into 2024, we maintain our base case view of no Overnight Policy Rate (OPR) hike until the first quarter of 2024. The outlook will depend on the inflation pick-up from potential subsidy adjustments, where there may be a possibility of one or two OPR hikes next year. With the Malaysian Federal Government looking to reduce Treasury bill issuance for the next two months, there could be higher issuances in the fourth quarter of 2023 to drive MGS/GII curve moderately steeper. In such a scenario, we will generally underweigh government bonds and focus more on corporate bonds. Trading opportunities will arise if government bond yields spike on supply concerns.</p> <p>The higher inflationary outlook from subsidy rationalization may weigh on bond market sentiment in the near term, affirming our current strategy to be defensive on duration. Nonetheless, if bond yields have adjusted to cheaper levels for us to re-enter the market, we will gradually increase the duration of the portfolios.</p>
Additional Information	<p>The following information was updated:</p> <ol style="list-style-type: none"> 1) En Izad Shahadi Bin Mohd Sallehuddin, an Independent Non-Executive Director of Amlslamic Funds Management Sdn Bhd ('AIFM'), has resigned from the Investment Committee with effect from 30 June 2023. 2) Ms Tracy Chen Wee Keng, the Chief Executive Officer of AmInvestment Bank Berhad has been appointed as Member of the Investment Committee with effect from 30 June 2023. 3) Pn Azian Binti Kassim has been appointed as an Independent Non-Executive Director of AIFM and a member of the Fund Management Division's Audit and Risk Management Committee with effect 30 June 2023. 4) The Tenth Supplementary Master Prospectus dated 31 August 2023 has been registered with the Securities Commission Malaysia. The issuance of the Tenth Supplementary Master Prospectus is to be in line with the revised Guidelines on Unit Trust Funds and the Prospectus Guidelines for Collective Investment Schemes. Notice of issuance of the Tenth Supplementary Master Prospectus dated 31 August 2023 has been published on our website at www.aminvest.com and sent to the Unit Holders on 31 August 2023. 5) 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. 6) 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. 7) 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 December 2023

AmConservative**STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2023**

	Note	31.10.2023 (unaudited) RM	30.04.2023 (audited) RM
ASSETS			
Investments	4	1,862,799	2,567,053
Distribution receivables		-	1,386
Amount due from Manager	5(a)	1,848	67,327
Deposits with licensed financial institutions	6	832,068	685,155
Cash at banks		10,528	11,231
TOTAL ASSETS		2,707,243	3,332,152
LIABILITIES			
Amount due to Manager	5(b)	3,422	3,635
Amount due to Trustee	7	89	103
Sundry payables and accruals		43,581	44,782
TOTAL LIABILITIES		47,092	48,520
NET ASSET VALUE (“NAV”) OF THE FUND		2,660,151	3,283,632
EQUITY			
Unit holders’ capital	9(a)	2,411,830	3,061,916
Retained earnings	9(b)(c)	248,321	221,716
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	9	2,660,151	3,283,632
UNITS IN CIRCULATION	9(a)	2,341,942	2,914,951
NAV PER UNIT (RM)		1.1359	1.1265

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

AmConservative**STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023**

		01.05.2023 to 31.10.2023	01.05.2022 to 31.10.2022
	Note	RM	RM
INVESTMENT INCOME			
Distribution income		1,801	9,532
Interest income		54,877	1,435
Net gain/(loss) from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	134	(8,371)
		<u>56,812</u>	<u>2,596</u>
EXPENDITURE			
Manager’s fee	5	(19,175)	(2,057)
Trustee’s fee	7	(567)	(127)
Audit fee		(5,035)	(5,041)
Tax agent’s fee		(2,514)	(2,520)
Other expenses		(2,916)	(2,164)
		<u>(30,207)</u>	<u>(11,909)</u>
Net income/(loss) before taxation		26,605	(9,313)
Taxation	11	-	-
Net income/(loss) after taxation, representing total comprehensive income/(loss) for the financial period		<u>26,605</u>	<u>(9,313)</u>
Total comprehensive income/(loss) comprises the following:			
Realised income/(loss)		32,233	(942)
Unrealised losses		(5,628)	(8,371)
		<u>26,605</u>	<u>(9,313)</u>

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

AmConservative**STATEMENT OF CHANGES IN EQUITY (Unaudited)
FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023**

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 May 2023		3,061,916	221,716	3,283,632
Total comprehensive income for the financial period		-	26,605	26,605
Creation of units	9(a)	984,165	-	984,165
Cancellation of units	9(a)	(1,634,251)	-	(1,634,251)
Balance at 31 October 2023		<u>2,411,830</u>	<u>248,321</u>	<u>2,660,151</u>
At 1 May 2022		512,302	141,660	653,962
Total comprehensive loss for the financial period		-	(9,313)	(9,313)
Cancellation of units		(49,485)	-	(49,485)
Balance at 31 October 2022		<u>462,817</u>	<u>132,347</u>	<u>595,164</u>

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

AmConservative**STATEMENT OF CASH FLOWS (Unaudited)
FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023**

	01.05.2023 to 31.10.2023 RM	01.05.2022 to 31.10.2022 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	1,158,857	-
Purchase of investments	(453,122)	-
Distributions received	3,187	-
Interest received	53,530	1,425
Manager's fee paid	(19,388)	(2,113)
Trustee's fee paid	(581)	(128)
Tax agent's fee paid	-	(5,000)
Payments for other expenses	<u>(11,666)</u>	<u>(12,514)</u>
Net cash generated from/(used in) operating and investing activities	<u>730,817</u>	<u>(18,330)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	1,049,644	-
Payments for cancellation of units	<u>(1,634,251)</u>	<u>(49,485)</u>
Net cash used in financing activities	<u>(584,607)</u>	<u>(49,485)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	146,210	(67,815)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>696,386</u>	<u>111,636</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>842,596</u>	<u>43,821</u>
Cash and cash equivalents comprise:		
Short-term deposits with licensed financial institutions	832,068	-
Cash at banks	<u>10,528</u>	<u>43,821</u>
	<u>842,596</u>	<u>43,821</u>

AmConservative

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023

1. GENERAL INFORMATION

AmConservative (“the Fund”) was established pursuant to a Deed dated 11 September 2003 as amended by Deeds supplemental thereto (“the Deed”), 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 preserving capital and provides a stream of income by having a bigger exposure to fixed income investments than equities. As provided in the Deed, the financial year shall end on 30 April 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 December 2023.

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</i> and Amendments to MFRS 17*	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contracts</i>)*	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements: 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023**

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 <i>Leases: 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 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 SIGNIFICANT 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) Distribution income

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 MAY 2023 TO 31 OCTOBER 2023**

3. SUMMARY OF SIGNIFICANT 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023**

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

3.5 Distribution

Distributions are at the discretion of the Manager. A distribution to the Fund's unit holders is accounted for as a deduction from the retained earnings and realised income. Realised income is the income earned from interest income, distribution 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023**

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

3.8 Financial assets – classification and subsequent measurement

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.

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.

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 MAY 2023 TO 31 OCTOBER 2023**

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

3.9 Financial assets under MFRS 9 (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 institutions, cash at banks, amount due from Manager, amount due from Target Fund 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". Distribution revenue and interest earned elements of such instruments are recorded separately in "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 MAY 2023 TO 31 OCTOBER 2023**

3. SUMMARY OF SIGNIFICANT 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: (cont'd.)

Financial assets at FVTPL (cont'd.)

The Fund subsequently measures its investments in collective investment schemes ("CIS") at FVTPL. 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.

3.10 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023**

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

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.

3.13 Determination of fair value

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 adjusted/purchased 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 the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023**

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

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.

4. INVESTMENTS

	31.10.2023	30.04.2023
	RM	RM
Financial assets at FVTPL		
Unquoted CIS	334,749	566,183
Unquoted fixed income securities	1,528,050	2,000,870
	<u>1,862,799</u>	<u>2,567,053</u>

Details of investments as at 31 October 2023 are as follows:

Name of trust	Number of units	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
Unquoted CIS				
AmBond*	95,290	125,736	123,825	4.73
AmBon Islam*	95,542	123,430	120,375	4.64
AmDividend Income*	289,817	85,583	88,981	3.22
Total unquoted CIS	<u>480,649</u>	<u>334,749</u>	<u>333,181</u>	<u>12.59</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 October 2023 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					
Corporate bonds					
28.08.2026	MTT Shipping Sdn. Bhd	150,000	151,626	151,349	5.70
16.11.2027	Dialog Group Berhad	30,000	29,635	30,576	1.11
11.01.2030	Projek Lebuhraya Usahasama Berhad	500,000	512,937	507,027	19.28
03.05.2030	GENM Capital Berhad	300,000	305,968	307,915	11.51
26.07.2030	Sarawak Petchem Sdn. Bhd.	500,000	527,884	525,203	19.84
Total corporate bonds		<u>1,480,000</u>	<u>1,528,050</u>	<u>1,522,070</u>	<u>57.44</u>
Total unquoted fixed income securities		<u>1,480,000</u>	<u>1,528,050</u>	<u>1,522,070</u>	<u>57.44</u>
Total financial assets at FVTPL			<u>1,862,799</u>	<u>1,855,251</u>	<u>70.03</u>
Excess of fair value over purchased/adjusted cost			<u>7,548</u>		

* These CIS are managed by the Manager.

5. AMOUNT DUE FROM/TO MANAGER

	Note	31.10.2023 RM	30.04.2023 RM
(a) Due from Manager			
Creation of units	(i)	<u>1,848</u>	<u>67,327</u>
(b) Due to Manager			
Manager's fee payable	(ii)	<u>3,422</u>	<u>3,635</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023**

5. AMOUNT DUE FROM/TO MANAGER (CONT'D.)

- (i) This represents amount receivable from the Manager for units created.

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

- (ii) Manager's fee is at a rate of 1.50% (30.04.2023: 1.50%) per annum on the NAV of the Fund, calculated on a daily basis. As the Fund invested in CIS, the Manager's fee related to CIS has been charged by the Manager.

According to Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Manager's fee can only be charged once and hence, no Manager's fee can be charged to 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.

6. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	31.10.2023	30.04.2023
	RM	RM
At nominal value:		
Short-term deposits	<u>832,000</u>	<u>685,000</u>
At carrying value:		
Short-term deposits	<u>832,068</u>	<u>685,155</u>

Details of deposits with licensed financial institutions are as follows:

Maturity date	Financial institutions	Nominal value	Carrying value	Carrying value as a percentage of NAV
		RM	RM	%
31.10.2023				
Short-term deposits				
01.11.2023	CIMB Bank Berhad	432,000	432,035	16.24
01.11.2023	Public Bank Berhad	<u>400,000</u>	<u>400,033</u>	<u>15.04</u>
		<u>832,000</u>	<u>832,068</u>	<u>31.28</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023

7. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.04% (30.04.2023: 0.04%) 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.

8. NET GAIN/(LOSS) FROM INVESTMENTS

	01.05.2023 to 31.10.2023 RM	01.05.2022 to 31.10.2022 RM
Net gain/(loss) on financial assets at FVTPL comprised:		
- Net realised gain on sale of investments	5,762	-
- Net unrealised losses on changes in fair value of investments	(5,628)	(8,371)
	<u>134</u>	<u>(8,371)</u>

9. TOTAL EQUITY

Total equity is represented by:

	Note	31.10.2023 RM	30.04.2023 RM
Unit holders' capital	(a)	2,411,830	3,061,916
Retained earnings			
- Realised income	(b)	240,773	208,540
- Unrealised gains	(c)	7,548	13,176
		<u>2,660,151</u>	<u>3,283,632</u>

(a) Unit holders' capital/units in circulation

	31.10.2023		30.04.2023	
	Number of units	RM	Number of units	RM
At beginning of the financial period/year	2,914,951	3,061,916	1,149,425	512,302
Creation during the financial period/year	864,776	984,165	701,383	1,180,670
Reinvestment of distributions	-	-	1,388,498	1,878,778
Cancellation during the financial period/year	<u>(1,437,785)</u>	<u>(1,634,251)</u>	<u>(324,355)</u>	<u>(509,834)</u>
At end of the financial period/year	<u>2,341,942</u>	<u>2,411,830</u>	<u>2,914,951</u>	<u>3,061,916</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023

9. TOTAL EQUITY (CONT'D.)

(b) Realised – distributable

	31.10.2023 RM	30.04.2023 RM
At beginning of the financial period/year	208,540	151,911
Net realised income for the financial period/year	32,233	1,935,407
Distributions out of realised income	-	(1,878,778)
At end of the financial period/year	<u>240,773</u>	<u>208,540</u>

(c) Unrealised – non-distributable

	31.10.2023 RM	30.04.2023 RM
At beginning of the financial period/year	13,176	(10,251)
Net unrealised (loss)/gain for the financial period/year	<u>(5,628)</u>	<u>23,427</u>
At end of the financial period/year	<u>7,548</u>	<u>13,176</u>

10. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

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

<u>Related parties</u>	<u>Relationships</u>
AmFunds Management Berhad	The Manager
AmInvestment Bank Berhad	Holding company of the Manager
AMMB Holdings Berhad (“AMMB”)	Ultimate holding company of the Manager
Subsidiaries and associates of AMMB as disclosed in its financial statements	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 October 2023 and 30 April 2023.

Other than those disclosed elsewhere in the financial statements, the significant related party balances as at the reporting date are as follows:

	31.10.2023 RM	30.04.2023 RM
Significant related party balances		
<u>AmBank (M) Berhad</u>		
Cash at bank	<u>21</u>	<u>47</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023**

11. TAXATION

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

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

	01.05.2023 to 31.10.2023	01.05.2022 to 31.10.2022
	RM	RM
Net income/(loss) before taxation	<u>26,605</u>	<u>(9,313)</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	6,385	(2,235)
Tax effects of:		
Income not subject to tax	(14,986)	(2,632)
Losses not allowed for tax deduction	1,351	2,009
Restriction on tax deductible expenses for unit trust fund	5,229	1,533
Non-permitted expenses for tax purposes	1,439	1,155
Permitted expenses not used and not available for future financial periods	<u>582</u>	<u>170</u>
Tax expense for the financial period	<u>-</u>	<u>-</u>

12. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	01.05.2023 to 31.10.2023	01.05.2022 to 31.10.2022
	% p.a.	% p.a.
Manager’s fee	0.68	0.33
Trustee’s fee	0.02	0.02
Fund’s other expenses	<u>0.37</u>	<u>1.56</u>
Total TER	<u>1.07</u>	<u>1.91</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.

13. 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 0.29 times (01.05.2022 to 31.10.2022: 0.01 times).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023**

14. 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 two segments:

- A portfolio of CIS; and
- A portfolio of fixed income instruments, including deposits with licensed financial institutions.

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.

	01.05.2023 to 31.10.2023			01.05.2022 to 31.10.2022		
	CIS portfolio RM	Fixed income portfolio RM	Total RM	CIS portfolio RM	Fixed income portfolio RM	Total RM
Distribution income	1,801	-	1,801	9,532	-	9,532
Interest income	-	54,877	54,877	-	1,435	1,435
Net gain/(loss) from investments:						
- Financial assets at FVTPL	6,351	(6,217)	134	(8,282)	(89)	(8,371)
Total segment investment income for the financial period	8,152	48,660	56,812	1,250	1,346	2,596

	31.10.2023			30.04.2023		
	CIS portfolio RM	Fixed income portfolio RM	Total RM	CIS portfolio RM	Fixed income portfolio RM	Total RM
Financial assets at FVTPL	334,749	1,528,050	1,862,799	566,183	2,000,870	2,567,053
Deposits with licensed financial institutions	-	832,068	832,068	-	685,155	685,155
Distribution receivables	-	-	-	1,386	-	1,386
Total segment assets	334,749	2,360,118	2,694,867	567,569	2,686,025	3,253,594

There were no segment liabilities as at 31 October 2023 and 30 April 2023.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023**

14. SEGMENTAL REPORTING (CONT'D.)

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:

	01.05.2023 to 31.10.2023	01.05.2022 to 31.10.2022
	RM	RM
Net reportable segment investment income	56,812	2,596
Less: Expenses	<u>(30,207)</u>	<u>(11,909)</u>
Net income/(loss) before taxation	26,605	(9,313)
Taxation	-	-
Net income/(loss) after taxation	<u>26,605</u>	<u>(9,313)</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.

	31.10.2023	30.04.2023
	RM	RM
Total segment assets	2,694,867	3,253,594
Amount due from Manager	1,848	67,327
Cash at banks	10,528	11,231
Total assets of the Fund	<u>2,707,243</u>	<u>3,332,152</u>
Amount due to Manager	3,422	3,635
Amount due to Trustee	89	103
Sundry payables and accruals	43,581	44,782
Total liabilities of the Fund	<u>47,092</u>	<u>48,520</u>

15. TRANSACTIONS WITH MANAGER AND BROKERS

Details of transactions with Manager and brokers for the financial period ended 31 October 2023 are as follows:

Manager/Brokers	Transaction value	
	RM	%
Hong Leong Bank Berhad	512,251	31.62
CIMB Islamic Bank Berhad	413,589	25.53
AmBank (M) Berhad*	300,000	18.52
AmFunds Management Berhad	244,029	15.07
CIMB Bank Berhad	150,000	9.26
Total	<u>1,619,869</u>	<u>100.00</u>

* A financial institution related to the Manager.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023**

15. TRANSACTIONS WITH MANAGER AND BROKERS (CONT'D.)

The Manager is of the opinion that the above transactions have been entered into 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 were in respect of unquoted fixed income instruments and CIS. Transactions in unquoted fixed income instruments and CIS do not involve any commission or brokerage.

16. 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.

(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 quoted 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 MAY 2023 TO 31 OCTOBER 2023**

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

(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 is exposed to the risk of bond issuers and licensed financial institutions defaulting on their repayment obligations which in turn would affect the NAV of the Fund.

For deposits with licensed financial institutions, the Fund makes placements with licensed financial institutions with sound rating of P1/MARC-1 and above. Cash at banks are held for liquidity purposes and are 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.

(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 their 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.

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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 AmConservative (“the Fund”) as at 31 October 2023 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 December 2023

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF AMCONSERVATIVE ("Fund")

We have acted as Trustee of the Fund for the financial period ended 31 October 2023 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 December 2023

DIRECTORY

Head Office 9th & 10th Floor, Bangunan AmBank Group
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*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.)*

