

Semi-Annual Report for

# AmDynamic Sukuk

31 January 2023



**AmInvest**

Growing Your Investments in a Changing World

## TRUST DIRECTORY

### **Manager**

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

### **Board of Directors**

Jeyaratnam A/L Tamotharam Pillai  
Dato' Mustafa Bin Mohd Nor  
(retired with effect from 3 March 2023)  
Tai Terk Lin  
Ng Chih Kaye  
Jas Bir Kaur A/P Lol Singh  
Goh Wee Peng

### **Investment Committee**

Jas Bir Kaur A/P Lol Singh  
Dato' Mustafa Bin Mohd Nor  
(retired with effect from 3 March 2023)  
Izad Shahadi Bin Mohd Sallehuddin  
Goh Wee Peng

### **Investment Manager**

AmIslamic Funds Management Sdn Bhd

### **Shariah Adviser**

Amanie Advisors Sdn Bhd

### **Trustee**

Deutsche Trustees Malaysia 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 AmDynamic Sukuk ("Fund") for the financial period from 1 August 2022 to 31 January 2023.

### Salient Information of the Fund

<b>Name</b>	AmDynamic Sukuk ("Fund")
<b>Category/Type</b>	Sukuk / Growth
<b>Objective</b>	The Fund aims to provide capital appreciation by investing primarily in Sukuk both locally and globally.  <i>Note:</i> <i>Any material change to the investment objective of the Fund would require Unit Holders' approval.</i>
<b>Duration</b>	The Fund was established on 12 June 2012 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.
<b>Performance Benchmark</b>	BPAM Corporates Sukuk Index ("BPAMCSI") (Available at <a href="http://www.aminvest.com">www.aminvest.com</a> )  <i>The performance benchmark has been changed from Bloomberg AIBIM Bursa Malaysia Sovereign Shariah Index (BMSSI) because BMSSI has been discontinued by Bloomberg effective 25 July 2015.</i>  <i>Note: The risk profile of the Fund may not be the same as the risk profile of the performance benchmark.</i>
<b>Income Distribution Policy</b>	Class A and Class B: Income distribution (if any) is incidental.

### Fund Performance Data

<b>Portfolio Composition</b>	Details of portfolio composition of the Fund as at 31 January 2023 and for the past three financial years are as follows:				
		<b>As at</b>	<b>As at 31 July</b>		
		<b>31.1.2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
		<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
	Corporate sukuk	79.02	91.48	80.41	55.38
	Government Investment Issues	4.79	4.14	9.77	11.24
Money market deposits and cash equivalents	16.19	4.38	9.82	33.38	
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	
	<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 2023 and three financial years ended 31 July are as follows:

	Half year ended 31.1.2023	FY 2022	FY 2021	FY 2020
Net asset value (RM)				
- Class A	12,080,700*	14,184,533	15,235,237	15,523,428
- Class B	2,664,040*	2,606,369	2,638,509*	6,234,158
Units in circulation				
- Class A	8,547,397*	10,257,952	10,965,848	10,674,363
- Class B	1,954,119*	1,954,119	1,968,810*	4,545,307
Net asset value per unit (RM)				
- Class A	1.4134*	1.3828	1.3893	1.4543
- Class B	1.3633*	1.3338	1.3402*	1.3715
Highest net asset value per unit (RM)				
- Class A	1.4137*	1.3956	1.4611	1.4781
- Class B	1.3636*	1.3462	1.3782*	1.3715
Lowest net asset value per unit (RM)				
- Class A	1.3695*	1.3479	1.3772	1.3709
- Class B	1.3209*	1.3002	1.2989*	1.2675
Benchmark performance (%)				
- Class A	3.06	0.11	0.65	8.55
- Class B	3.06	0.11	0.65	8.55
Total return (%) <sup>(1)</sup>				
- Class A	2.21	-0.36	-2.30	8.38
- Class B	2.21	-0.37	-2.28	8.37
- Capital growth (%)				
- Class A	2.21	-0.47	-4.47	6.13
- Class B	2.21	-0.48	-2.28	8.25
- Income distribution (%)				
- Class A	-	0.11	2.17	2.25
- Class B	-	0.11	-	0.12
Gross distribution (sen per unit)				
- Class A	-	0.15	3.18	3.08
- Class B	-	0.15	-	0.15
Net distribution (sen per unit)				
- Class A	-	0.15	3.15	3.08
- Class B	-	0.15	-	0.15
Total expense ratio (%) <sup>(2)</sup>				
	0.61	1.19	1.15	1.22
Portfolio turnover ratio (times) <sup>(3)</sup>				
	0.24	0.29	0.88	0.76

\* Above prices and net asset value per unit are not shown as ex-distribution.

**Note:**

- (1) Total return is the actual/annualised 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 2023)**

	<b>AmDynamic Sukuk<sup>(a)</sup></b> %	<b>BPAMCSI/AIBIM BMSSI<sup>** (b)</sup></b> %
One year		
- Class A	2.29	2.98
- Class B	2.30	2.98
Three years		
- Class A	0.97	2.68
- Class B	0.97	2.68
Five years		
- Class A	3.91	4.76
- Class B	3.92	4.76
Since launch		
- Class A (20 June 2012)	4.00	3.93
- Class B (16 March 2015)	4.04	4.64

**Annual Total Return**

<b>Financial Years Ended (31 July)</b>	<b>AmDynamic Sukuk<sup>(a)</sup></b> %	<b>BPAMCSI<sup>(b)</sup></b> %
2022		
- Class A	-0.36	0.11
- Class B	-0.37	0.11
2021		
- Class A	-2.30	0.65
- Class B	-2.28	0.65
2020		
- Class A	8.38	8.55
- Class B	8.37	8.55
2019		
- Class A	9.86	9.41
- Class B	9.93	9.41
2018		
- Class A	4.35	4.80
- Class B	4.31	4.80

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

(b) BPAM Corporates Sukuk Index ("BPAMCSI") (Available at [www.aminvest.com](http://www.aminvest.com))

\*\* Benchmark – from 20 June 2012 to 25 July 2015 –

- Bloomberg AIBIM Bursa Malaysia Sovereign Shariah Index (BMSSI).

The Fund performance is calculated based on 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**

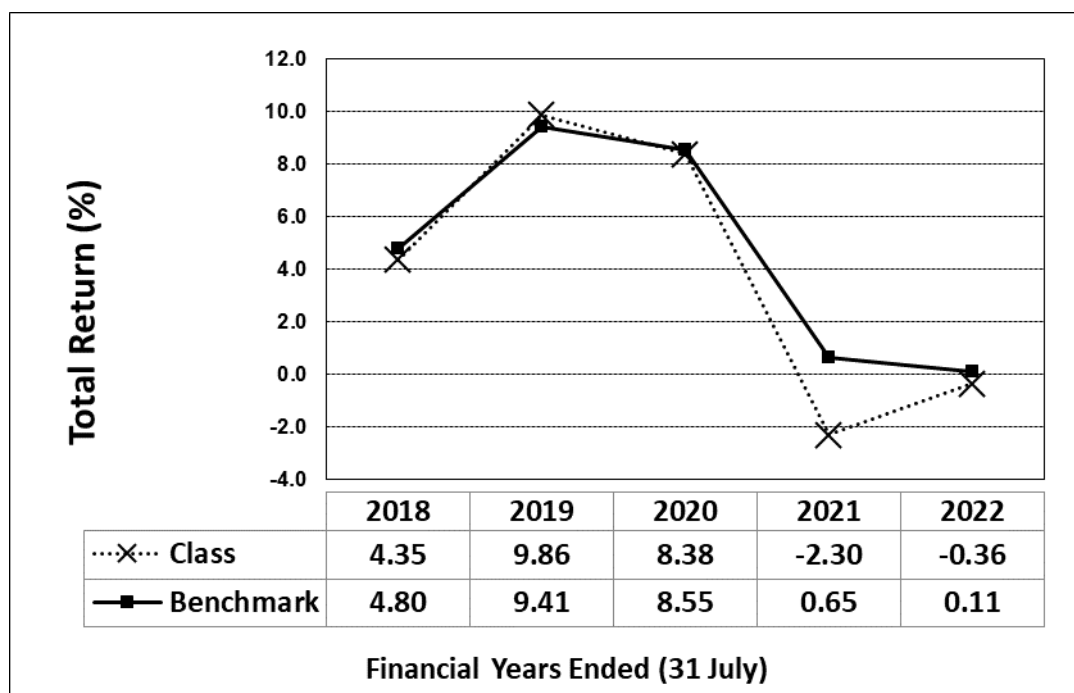
Class A

For the financial period under review, the Fund registered a return of 2.21% which is entirely capital growth in nature.

Thus, the Fund's return of 2.21% has underperformed the benchmark's return of 3.06% by 0.85%.

As compared with the financial year ended 31 July 2022, the net asset value ("NAV") per unit of the Fund increased by 2.21% from RM1.3828 to RM1.4134, while units in circulation decreased by 16.68% from 10,257,952 units to 8,547,397 units.

The following line chart shows comparison between the annual performances of AmDynamic Sukuk – Class A and its benchmark, BPAMCSI, for the financial years ended 31 July.



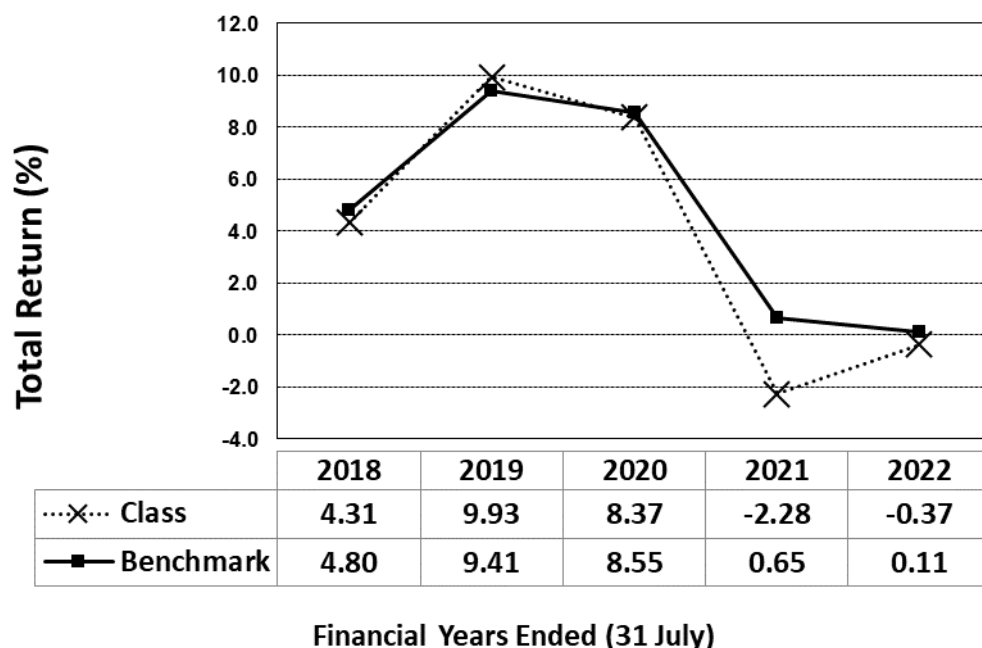
Class B

For the financial period under review, the Fund registered a return of 2.21% which is entirely capital growth in nature.

Thus, the Fund's return of 2.21% has underperformed the benchmark's return of 3.06% by 0.85%.

As compared with the financial year ended 31 July 2022, the net asset value ("NAV") per unit of the Fund increased by 2.21% from RM1.3338 to RM1.3633, while units in circulation remain unchanged at 1,954,119 units.

The following line chart shows comparison between the annual performances of AmDynamic Sukuk – Class B and its benchmark, BPAMCSI, for the 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**

To achieve the investment objective, the Fund undertakes active management to enhance and optimize returns from investing in sovereign, quasi-sovereign and corporate sukuk. There is no minimum rating for a sukuk purchased or held by the Fund. This is to enable the Manager of the Fund to take a relatively high level of calculated credit risk for the Fund, justified by the relatively high level of expected return that could be generated by the Fund in return for taking the higher level of credit risk. In managing the Fund, the Manager may opt to invest in the investments either directly or via collective investment schemes.

In managing the Fund, the Manager of the Fund employs active tactical duration management; yield curve positioning and credit spread arbitrage. Credit spread arbitrage and yield curve positioning is part of relative value approach that involves analysis of general economic and market conditions and the use of models to analyze and compare expected returns as well as the assumed risks. The Manager will focus on sukuk that would deliver better returns to the Fund for a given level of risk. In addition, the Manager may also consider sukuk with favourable or improving credit outlook that provide the potential for capital appreciation for these investments. The Fund may invest in sukuk of varying maturities. The Fund's investment maturity profile is subject to active tactical duration management in view of the interest rate scenario without any portfolio maturity limitation.

The Fund may invest globally in foreign markets where the regulatory authority is a member of the International Organization of Securities Commissions ("IOSCO").



<b>Portfolio Structure</b>	The table below is the asset allocation of the Fund as at 31 January 2023 and 31 July 2022.			
		<b>As at 31.1.2023 %</b>	<b>As at 31.7.2022 %</b>	<b>Changes %</b>
	Corporate sukuk	79.02	91.48	-12.46
	Government Investment Issues	4.79	4.14	0.65
	Money market deposits and cash equivalents	16.19	4.38	11.81
	<b>Total</b>	<b>100.00</b>	<b>100.00</b>	
	As at end 31 January 2023, 79.02% of the Fund's NAV was invested in corporate sukuk, 4.79% in government investment issues and 16.19% in money market deposit and cash equivalents.			
<b>Securities Lending / Repurchase Transactions</b>	The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").			
<b>Cross Trade</b>	There were no cross trades undertaken during the financial period under review.			
<b>Distribution/ Unit splits</b>	There is no income distribution and unit split declared for the financial period under review.			
<b>State of Affairs</b>	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.			
<b>Rebates and Soft Commission</b>	During the period, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.			
<b>Market Review</b>	<p>During 3Q2022, the US Fed delivered its third consecutive 75bps rate hikes during September month meetings, to curb inflation following strong United States (US) Consumer Price Index (CPI) released. The US Fed funds rate ended the quarter with 3.00% - 3.25% as market expected. In tandem with the Fed monetary policy footstep, Bank Negara Malaysia (BNM) raised Overnight Policy Rate (OPR) in September month meetings with 25bps hike in. Local sovereign bonds were supported by the large number of maturities and external inflows in the beginning of 3Q2022 but ended with a sharp spike in yields in view of rising global bond yields as market pricing in a more aggressive pace of monetary policy tightening in the US.</p> <p>Over the last quarter of 2022, the US Fed delivered another 75bps rate hike in early-November before announcing a well-signaled 50bps hike in mid-December amid data pointing towards a peaking of inflation in the US. During the corresponding period, BNM delivered a 25bps rate hike to bring the OPR to 2.75% at its last meeting of 2022, while signaling that the central bank is not on any preset course and that any monetary setting changes will be gradual and measured. Local bond market yield movements were mixed during 4Q2022, as uncertainties revolving domestic developments from General Election-15 and tracking volatile global bond yields ahead of the US Federal Open Market Committee (FOMC) meetings. Nonetheless, market began to rally toward mid-December as market repriced expectations of rate hikes by BNM, following slower pace of rate hikes by</p>			

	<p>major central banks.</p> <p>In beginning of 2023, govies yields traded significantly lower by 22bps to 31bps across the curve on growing expectations of peaking interest rates in domestic and global markets in January. The local bond market was trading firmer, tracking bullish US Treasuries (UST) movements following release of weaker than expected economic data including slower wage growth rate and a plunge in ISM Services PMI into contractionary zone. The significant yield movements came after BNM surprised the market with a hold on the Overnight Policy Rate (OPR) at 2.75% on 19 January.</p>
<b>Market Outlook</b>	<p>Focus will now shift to BNM Monetary Policy Committee (MPC) meeting on 8-9 March to see if BNM will re-embark on its tightening, having paused unexpectedly in January. We expect another one to two OPR hikes this year following the more positive Malaysia economic outlook by the government in the recent Budget announcement. This may lead to more volatility in government bond yields but corporate bonds are expected to remain supported especially in the longer end of the yield curve.</p>
<b>Additional Information</b>	<p>The following information was updated:</p> <ol style="list-style-type: none"> <li>1) The Ninth Supplementary Master Prospectus dated 12 December 2022 has been registered with the Securities Commission Malaysia, to include the following, but is not limited to: <ul style="list-style-type: none"> <li>• the update on definition of “AmBank Group”;</li> <li>• the update on the Corporate Directory section in relation to the HSBC (Malaysia) Trustee Berhad and AmanahRaya Trustees Berhad;</li> <li>• the update on the List of Current Deed and Supplementary Deed; and</li> <li>• the update on Related Party Transactions / Conflict of Interest.</li> </ul> <p>Notice of the changes for the Ninth Supplementary Master Prospectus dated 12 December 2022 has been published on our website at <a href="http://www.aminvest.com">www.aminvest.com</a> and sent to the Unit Holders.</p> </li> <li>2) Dato’ Mustafa bin Mohd Nor (‘Dato’ Mustafa’), an Independent Non-Executive Director of AmFunds Management Berhad (‘AFM’), has retired from the Board and Investment Committee on 3 March 2023.</li> </ol>

Kuala Lumpur, Malaysia  
AmFunds Management Berhad

24 March 2023

## AmDynamic Sukuk

### CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2023

	Note	31.1.2023 (unaudited) RM	31.7.2022 (audited) RM
<b>ASSETS</b>			
Shariah-compliant investments	4	12,356,983	16,056,088
Tax recoverable		3,522	5,700
Sundry receivables		-	6,002
Shariah-compliant deposits with licensed financial institutions	5	2,403,179	1,336,082
Cash at bank		12,072	10,229
<b>TOTAL ASSETS</b>		<b>14,775,756</b>	<b>17,414,101</b>
<b>LIABILITIES</b>			
Amount due to Manager	6	14,535	612,727
Amount due to Trustee	7	877	819
Sundry payables and accruals		15,604	9,653
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)</b>		<b>31,016</b>	<b>623,199</b>
<b>NET ASSET VALUE (“NAV”) OF THE FUND ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>14,744,740</b>	<b>16,790,902</b>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS OF THE FUND COMPRISE:</b>			
Unit holders’ contribution	9(a)(b)	12,485,584	14,882,605
Retained earnings	9(c)(d)	2,259,156	1,908,297
	9	14,744,740	16,790,902
<b>NET ASSET VALUE</b>			
- Class A		12,080,700	14,184,533
- Class B		2,664,040	2,606,369
		14,744,740	16,790,902
<b>UNITS IN CIRCULATION</b>			
- Class A	9(a)	8,547,397	10,257,952
- Class B	9(b)	1,954,119	1,954,119
<b>NAV PER UNIT (RM)</b>			
- Class A		1.4134	1.3828
- Class B		1.3633	1.3338

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

## AmDynamic Sukuk

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023

	Note	1.8.2022 to 31.1.2023 RM	1.8.2021 to 31.1.2022 RM
<b>SHARIAH-COMPLIANT INVESTMENT INCOME</b>			
Profit income		357,328	339,283
Other income – exit penalty	9(a)(b)	24,408	4,474
Net gain/(loss) from Shariah-compliant investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	71,926	(316,385)
		<u>453,662</u>	<u>27,372</u>
<b>EXPENDITURE</b>			
Manager’s fee	6	(83,307)	(89,010)
Trustee’s fee	7	(5,098)	(5,341)
Audit fee		(2,532)	(2,512)
Tax agent’s fee		(2,067)	(2,067)
Other expenses		(6,001)	(6,941)
		<u>(99,005)</u>	<u>(105,871)</u>
<b>Net income/(loss) before taxation</b>		354,657	(78,499)
<b>Taxation</b>	11	(3,798)	-
<b>Net income/(loss) after taxation, representing total comprehensive income/(loss) for the financial period</b>		<u>350,859</u>	<u>(78,499)</u>
Total comprehensive income/(loss) comprises the following:			
Realised income		190,018	342,311
Unrealised gain/(loss)		160,841	(420,810)
		<u>350,859</u>	<u>(78,499)</u>

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

## AmDynamic Sukuk

### CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023

	Note	Unit holders' contribution - Class A RM	Unit holders' contribution - Class B RM	Retained earnings RM	Total RM
At 1 August 2022		11,963,030	2,919,575	1,908,297	16,790,902
Total comprehensive income for the financial period		-	-	350,859	350,859
Creation of units	9(a)(b)	42,700	-	-	42,700
Cancellation of units	9(a)(b)	(2,439,721)	-	-	(2,439,721)
Balance at 31 January 2023		<u>9,566,009</u>	<u>2,919,575</u>	<u>2,259,156</u>	<u>14,744,740</u>
At 1 August 2021		12,937,166	2,939,208	1,997,372	17,873,746
Total comprehensive loss for the financial period		-	-	(78,499)	(78,499)
Creation of units		71,659	435	-	72,094
Cancellation of units		(415,592)	(19,383)	-	(434,975)
Balance at 31 January 2022		<u>12,593,233</u>	<u>2,920,260</u>	<u>1,918,873</u>	<u>17,432,366</u>

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

**AmDynamic Sukuk****CONDENSED STATEMENT OF CASH FLOWS (Unaudited)  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

	<b>1.8.2022 to 31.1.2023</b>	<b>1.8.2021 to 31.1.2022</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from sale of Shariah-compliant investments	5,721,887	1,513,450
Purchase of Shariah-compliant investments	(1,998,580)	(2,200,000)
Profit received	405,052	372,223
Other income – exit penalty	30,410	4,474
Manager’s fee paid	(83,353)	(88,842)
Trustee’s fee paid	(5,040)	(5,330)
Tax paid	(1,620)	(3,822)
Tax refund	-	3,654
Payments for other expenses	(4,649)	(10,605)
Net cash generated from/(used in) operating and investing activities	<u>4,064,107</u>	<u>(414,798)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	42,700	72,194
Payments for cancellation of units	(3,037,867)	(434,975)
Net cash used in financing activities	<u>(2,995,167)</u>	<u>(362,781)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,068,940</b>	<b>(777,579)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<b><u>1,346,311</u></b>	<b><u>1,778,062</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b><u>2,415,251</u></b>	<b><u>1,000,483</u></b>
Cash and cash equivalents comprise:		
Shariah-compliant deposits with licensed financial institutions	2,403,179	990,048
Cash at bank	12,072	10,435
	<u>2,415,251</u>	<u>1,000,483</u>

## AmDynamic Sukuk

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023

#### 1. GENERAL INFORMATION

AmDynamic Sukuk (“the Fund”) was established pursuant to a Deed dated 20 May 2011 as amended by Deeds supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, Deutsche Trustees Malaysia Berhad as the Trustee and all unit holders.

The Fund aims to provide capital appreciation by investing primarily in sukuk both locally and globally. As provided in the Deed, “the accrual period” or financial year shall end on 31 July and the units in the Fund for Class A and Class B were first offered for sale on 12 June 2012 and 16 July 2014 respectively.

The financial statements were authorised for issue by the Manager on 24 March 2023.

#### 2. BASIS OF PREPARATION OF THE CONDENSED FINANCIAL STATEMENTS

The condensed 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 MFRS which has been effective during the financial period did not have any material financial impact to the financial statements, which as per the following:

Description	Effective for financial periods beginning on or after
Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018-2020” Reference to the Conceptual Framework (Amendments to MFRS 3 <i>Business Combinations</i> )*	1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 <i>Property, Plant and Equipment</i> )*	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> )	1 January 2022
Extension of the Temporary Exemption from applying MFRS 9 (Amendments to MFRS 4 <i>Insurance Contracts</i> )*	1 January 2022

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

**2. BASIS OF PREPARATION OF THE CONDENSED 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:

<b>Description</b>	<b>Effective for financial periods beginning on or after</b>
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 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 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.



**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

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

**3.1 Income recognition (cont'd.)**

(i) Profit income

For all profit-bearing financial assets, profit income is calculated using the effective profit method. Effective profit 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 profit rate, but not future credit losses.

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

(ii) Gain or loss on disposal of Shariah-compliant investments

On disposal of Shariah-compliant 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 Shariah-compliant 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.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

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

**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 Shariah-compliant investments that are readily convertible to cash with insignificant risk of changes in value.

**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 as finance cost-distribution to unit holders and recognised in the statement of comprehensive income, as the unit holders' contribution are classified as financial liability as per Note 3.6. Realised income is the income earned from profit income and net gain on disposal of Shariah-compliant 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 income payment date. Reinvestment of units is based on the NAV per unit on the income payment date, which is also the time of creation.

**3.6 Unit holders' contribution**

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

Under MFRS 132, a unit trust fund with one common class of unit holders are classified as equity as it meets the requirement of having identical features. In a multi-unit class fund, if any one class (or a group of classes) can be differentiated in terms of their features, then all the classes will be classified as liability.

The Fund issues cancellable units in two classes which further details are disclosed in Note 9.

**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.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

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

**3.7 Financial assets – initial recognition and measurement (cont'd.)**

(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**

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.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

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

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

*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 profit ("SPPP"). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic financing arrangement, i.e. profit includes only consideration for time value of money, credit risk, other basic financing risks and a profit margin that is consistent with a basic financing arrangement. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPP.

**3.9 Financial assets under MFRS 9**

(i) 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 ("SPPP 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 SPPP test determines whether the contractual cash flows are solely for payments of principal and profit and the assessment is performed on a financial instrument basis.

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 profit on the principal amount outstanding. Financial assets included in this category are deposits with licensed financial institutions, 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.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

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

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

(i) Classification and measurement (cont'd.)

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 profit on the outstanding principal.

These Shariah-compliant investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these Shariah-compliant 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". Profit earned element of such instrument is recorded in "Profit income".

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.

**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 holder. After initial measurement, financial liabilities are subsequently measured at amortised cost using the effective profit 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 profit rate.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

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

**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 Shariah-compliant 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 on a forward-looking basis the ECL associated with its financial assets at amortised cost. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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 CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

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

**3.13 Determination of fair value**

For Shariah-compliant 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 profit, which includes the accretion of discount and amortisation of premium. Adjusted cost of Shariah-compliant investments relates to the purchased cost plus accrued profit, 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 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.

**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 Shariah-compliant investments as financial assets at FVTPL as the Fund may sell its Shariah-compliant 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 CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

**4. SHARIAH-COMPLIANT INVESTMENTS**

	Note	31.1.2023 RM	31.7.2022 RM
<b>Financial assets at FVTPL</b>			
At nominal value:			
Corporate sukuk	(a)	11,500,000	15,300,000
Government Investment Issue	(b)	700,000	700,000
		<u>12,200,000</u>	<u>16,000,000</u>
At fair value:			
Corporate sukuk	(a)	11,651,433	15,360,258
Government Investment Issue	(b)	705,550	695,830
		<u>12,356,983</u>	<u>16,056,088</u>

Details of Shariah-compliant investments as at 31 January 2023 are as follows:

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>(a) Corporate sukuk</b>					
23.10.2023	Affin Islamic Bank Berhad	700,000	714,008	715,851	4.84
19.03.2026	IJM Land Berhad	500,000	517,799	527,066	3.51
05.03.2027	Point Zone (M) Sdn. Bhd.	700,000	708,594	712,094	4.81
08.04.2027	MMC Port Holdings Sdn. Bhd.	500,000	501,561	506,811	3.40
27.09.2027	IJM Land Berhad	200,000	198,313	203,572	1.34
16.11.2027	Dialog Group Berhad	700,000	687,620	706,128	4.67
03.12.2027	SIME Darby Property Berhad	700,000	678,310	703,804	4.60
16.03.2028	Tanjung Bin Energy Sdn. Bhd.	400,000	408,797	420,515	2.77



**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

**4. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)**

Details of Shariah-compliant investments as at 31 January 2023 are as follows: (cont'd.)

<b>Maturity date</b>	<b>Issuer</b>	<b>Nominal value RM</b>	<b>Fair value RM</b>	<b>Adjusted cost RM</b>	<b>Fair value as a percentage of NAV %</b>
<b>(a) Corporate sukuk (cont'd.)</b>					
20.04.2028	UMW Holdings Berhad	800,000	871,026	839,406	5.91
29.06.2029	PONSB Capital Berhad	1,000,000	1,036,641	1,004,801	7.03
04.12.2029	Jimah East Power Sdn. Bhd.	1,000,000	1,053,389	1,102,892	7.14
12.12.2029	DRB-HICOM Berhad	300,000	297,101	302,138	2.01
12.08.2030	Gamuda Land (T12) Sdn. Bhd.	500,000	478,597	509,242	3.25
21.10.2030	Pengerang LNG (Two) Sdn. Bhd.	500,000	459,575	504,205	3.12
02.12.2030	Konsortium Lebuhraya Utara-Timur (KL) Sdn. Bhd.	500,000	512,047	520,604	3.47
30.04.2031	OSK Rated Bond Sdn. Bhd.	1,000,000	989,187	1,034,286	6.71
04.12.2031	Jimah East Power Sdn. Bhd.	300,000	325,045	321,598	2.20
28.01.2032	Dialog Group Berhad	700,000	691,879	700,174	4.69
05.07.2034	Edra Energy Sdn. Bhd.	200,000	224,715	244,152	1.53
09.10.2037	Edra Solar Sdn. Bhd.	300,000	297,229	304,690	2.02
<b>Total corporate sukuk</b>		<b>11,500,000</b>	<b>11,651,433</b>	<b>11,884,029</b>	<b>79.02</b>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
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**4. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)**

Details of Shariah-compliant investments as at 31 January 2023 are as follows: (cont'd.)

<b>Maturity date</b>	<b>Issuer</b>	<b>Nominal value RM</b>	<b>Fair value RM</b>	<b>Adjusted cost RM</b>	<b>Fair value as a percentage of NAV %</b>
30.11.2034	Government of Malaysia	700,000	705,550	763,870	4.79
<b>Total Government Investment Issue</b>		<u>700,000</u>	<u>705,550</u>	<u>763,870</u>	<u>4.79</u>
<b>Total financial assets at FVTPL</b>		<u>12,200,000</u>	<u>12,356,983</u>	<u>12,647,899</u>	<u>83.81</u>
<b>Shortfall of fair value over adjusted cost</b>			<u>(290,916)</u>		

Details of Shariah-compliant investments as at 31 July 2022 are as follows:

<b>Maturity date</b>	<b>Issuer</b>	<b>Nominal value RM</b>	<b>Fair value RM</b>	<b>Adjusted cost RM</b>	<b>Fair value as a percentage of NAV %</b>
23.10.2023	Affin Islamic Bank Berhad	700,000	719,389	719,757	4.29
10.11.2023	Jimah Energy Ventures Sdn. Bhd.	300,000	328,721	324,603	1.96
19.03.2026	IJM Land Berhad	500,000	517,214	529,251	3.08
05.03.2027	Point Zone (M) Sdn. Bhd.	700,000	707,100	711,930	4.21
08.04.2027	MMC Port Holdings Sdn. Bhd.	500,000	499,056	506,811	2.97
27.09.2027	IJM Land Berhad	200,000	196,833	203,571	1.17
16.11.2027	Dialog Group Berhad	700,000	682,566	705,890	4.07

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
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**4. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)**

Details of Shariah-compliant investments as at 31 July 2022 are as follows: (cont'd.)

<b>Maturity date</b>	<b>Issuer</b>	<b>Nominal value RM</b>	<b>Fair value RM</b>	<b>Adjusted cost RM</b>	<b>Fair value as a percentage of NAV %</b>
<b>(a) Corporate sukuk (cont'd.)</b>					
03.12.2027	SIME Darby Property Berhad	700,000	672,994	703,739	4.01
16.03.2028	Tanjung Bin Energy Sdn. Bhd.	400,000	410,420	421,603	2.44
20.04.2028	UMW Holdings Berhad	800,000	866,257	841,124	5.16
23.06.2028	S P Setia Berhad	1,000,000	987,498	1,003,888	5.88
28.12.2028	PONSB Capital Berhad	1,500,000	1,511,023	1,506,523	9.00
29.06.2029	PONSB Capital Berhad	1,000,000	1,023,294	1,004,364	6.09
04.12.2029	Jimah East Power Sdn. Bhd.	1,000,000	1,053,008	1,108,083	6.27
12.12.2029	DRB-HICOM Berhad	300,000	292,559	301,970	1.74
13.05.2030	Danum Capital Berhad	1,000,000	932,831	1,007,031	5.56
12.08.2030	Gamuda Land (T12) Sdn. Bhd.	500,000	473,588	508,868	2.82
21.10.2030	Pengerang LNG (Two) Sdn. Bhd.	500,000	455,787	504,082	2.71
02.12.2030	Konsortium Lebuhraya Utara-Timur (KL) Sdn. Bhd.	500,000	509,686	521,252	3.04
30.04.2031	OSK Rated Bond Sdn. Bhd.	1,000,000	986,013	1,035,330	5.87
04.12.2031	Jimah East Power Sdn. Bhd.	300,000	325,780	322,179	1.94

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
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**4. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)**

Details of Shariah-compliant investments as at 31 July 2022 are as follows: (cont'd.)

<b>Maturity date</b>	<b>Issuer</b>	<b>Nominal value RM</b>	<b>Fair value RM</b>	<b>Adjusted cost RM</b>	<b>Fair value as a percentage of NAV %</b>
<b>(a) Corporate sukuk (cont'd.)</b>					
28.01.2032	Dialog Group Berhad	700,000	689,618	700,174	4.11
05.07.2034	Edra Energy Sdn. Bhd.	200,000	225,659	245,584	1.34
09.10.2037	Edra Solar Sdn. Bhd.	300,000	293,364	304,566	1.75
<b>Total corporate sukuk</b>		<u>15,300,000</u>	<u>15,360,258</u>	<u>15,742,173</u>	<u>91.48</u>
<b>(b) Government Investment Issue</b>					
30.11.2034	Government of Malaysia	700,000	695,830	765,672	4.14
<b>Total Government Investment Issue</b>		<u>700,000</u>	<u>695,830</u>	<u>765,672</u>	<u>4.14</u>
<b>Total financial assets at FVTPL</b>		<u>16,000,000</u>	<u>16,056,088</u>	<u>16,507,845</u>	<u>95.62</u>
<b>Shortfall of fair value over adjusted cost</b>			<u>(451,757)</u>		

**5. SHARIAH-COMPLIANT DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS**

	<b>31.1.2023 RM</b>	<b>31.7.2022 RM</b>
At nominal value:		
Short-term deposits with licensed Islamic banks	<u>2,403,000</u>	<u>1,336,000</u>
At carrying value:		
Short-term deposits with licensed Islamic banks	<u>2,403,179</u>	<u>1,336,082</u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

**5. SHARIAH-COMPLIANT DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS  
(CONT'D.)**

Details of Shariah-compliant deposits with licensed financial institutions are as follows:

<b>Maturity date</b>	<b>Bank</b>	<b>Nominal value RM</b>	<b>Carrying value RM</b>	<b>Carrying value as a percentage of NAV %</b>
<b>31.1.2023</b>				
<b>Short-term deposits with licensed Islamic banks</b>				
2.2.2023	CIMB Islamic Bank Berhad	1,193,000	1,193,088	8.09
2.2.2023	RHB Islamic Bank Berhad	1,210,000	1,210,091	8.21
		<u>2,403,000</u>	<u>2,403,179</u>	<u>16.30</u>

**31.7.2022**  
**Short-term deposits with a licensed Islamic bank**

1.8.2022	RHB Islamic Bank Berhad	<u>1,336,000</u>	<u>1,336,082</u>	<u>7.96</u>
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**6. AMOUNT DUE TO MANAGER**

	<b>Note</b>	<b>31.1.2023 RM</b>	<b>31.7.2022 RM</b>
<b>Due to Manager</b>			
Redemption of units	(i)	-	598,146
Manager's fee payable	(ii)	14,535	14,581
		<u>14,535</u>	<u>612,727</u>

(i) The amount represents amount payable to the Manager for units redeemed.

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

(ii) Manager's fee is at a rate of 1.00% (31.7.2022: 1.00%) 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 Manager's fee payable are one month.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

**7. AMOUNT DUE TO TRUSTEE**

Trustee's fee is at a rate of 0.06% (31.7.2022: 0.06%) per annum on the NAV of the Fund, calculated on a daily basis, subject to a minimum of RM10,000 per annum.

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

**8. NET GAIN/(LOSS) FROM SHARIAH-COMPLIANT INVESTMENTS**

	<b>1.8.2022 to 31.1.2023 RM</b>	<b>1.8.2021 to 31.1.2022 RM</b>
Net gain/(loss) on financial assets at FVTPL comprised:		
- Net realised (loss)/gain on sale of Shariah-compliant investments	(88,915)	104,425
- Net unrealised gain/(loss) on changes in fair value of Shariah-compliant investments	160,841	(420,810)
	<u>71,926</u>	<u>(316,385)</u>

**9. NAV ATTRIBUTABLE TO UNIT HOLDERS**

Total NAV attributable to unit holders is represented by:

	<b>Note</b>	<b>31.1.2023 RM</b>	<b>31.7.2022 RM</b>
Unit holders' contribution - Class A	(a)	9,566,009	11,963,030
Unit holders' contribution - Class B	(b)	2,919,575	2,919,575
Retained earnings			
- Realised income	(c)	2,550,072	2,360,054
- Unrealised losses	(d)	(290,916)	(451,757)
		<u>14,744,740</u>	<u>16,790,902</u>

The Fund issues cancellable units in two classes as detailed below:

<b>Classes of units</b>	<b>Currency denomination</b>	<b>Category of investors</b>	<b>Distribution policy</b>
Class A	RM	Mixed	Incidental
Class B	RM	Mixed	Incidental

There are different charges and features for each class as follows:

- (i) Minimum initial investments for each class
- (ii) Entry charges

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

**9. NAV ATTRIBUTABLE TO UNIT HOLDERS (CONT'D.)**

**(a) Unit holders' contribution/units in circulation - Class A**

	31.1.2023		31.7.2022	
	Number of units	RM	Number of units	RM
At beginning of the financial period/year	10,257,952	11,963,030	10,965,848	12,937,166
Creation during the financial period/year	30,646	42,700	342,316	474,560
Reinvestment of distribution	-	-	11,632	16,020
Cancellation during the financial period/year	(1,741,201)	(2,439,721)	(1,061,844)	(1,464,716)
At end of the financial period/year	<u>8,547,397</u>	<u>9,566,009</u>	<u>10,257,952</u>	<u>11,963,030</u>

**(b) Unit holders' contribution/units in circulation - Class B**

	31.1.2023		31.7.2022	
	Number of units	RM	Number of units	RM
At beginning of the financial period/year	1,954,119	2,919,575	1,968,810	2,939,208
Creation during the financial period/year	-	-	326	435
Distribution reinvested	-	-	2,204	2,928
Cancellation during the financial period/year	-	-	(17,221)	(22,996)
At end of the financial period/year	<u>1,954,119</u>	<u>2,919,575</u>	<u>1,954,119</u>	<u>2,919,575</u>

The Manager charges an exit penalty fee of 1.00% (2022: 1.00%) on the NAV per unit of the Fund during the financial period. The exit penalty shall be placed back to the Fund.

**(c) Realised – distributable**

	31.1.2023	31.7.2022
	RM	RM
At beginning of the financial period/year	2,360,054	1,779,230
Realised income for the financial period/year	190,018	599,772
Finance cost - distribution to unit holders	-	(18,948)
Net realised income for the financial period/year	190,018	580,824
At end of the financial period/year	<u>2,550,072</u>	<u>2,360,054</u>

## AmDynamic Sukuk

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023

#### 9. NAV ATTRIBUTABLE TO UNIT HOLDERS (CONT'D.)

##### (d) Unrealised – non-distributable

	31.1.2023	31.7.2022
	RM	RM
At beginning of the financial period/year	(451,757)	218,142
Net unrealised gain/(loss) for the financial period/year	160,841	(669,899)
At end of the financial period/year	<u>(290,916)</u>	<u>(451,757)</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 Manager

There are no units held by the Manager or any related party as at 31 January 2023 and 31 July 2022.

#### 11. TAXATION

	1.8.2022 to 31.1.2023	1.8.2021 to 31.1.2022
	RM	RM
Current financial period - local taxation	<u>3,798</u>	<u>-</u>

Income tax payable is calculated on Shariah-compliant investment income less deduction for permitted expenses as provided for 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:



**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

**11. TAXATION (CONT'D.)**

	<b>1.8.2022 to 31.1.2023</b>	<b>1.8.2021 to 31.1.2022</b>
	<b>RM</b>	<b>RM</b>
Net income/(loss) before taxation	<u>354,657</u>	<u>(78,499)</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	85,118	(18,840)
Tax effects of:		
Income not subject to tax	(88,524)	(106,490)
Loss not allowed for tax deduction	(14,497)	100,994
Restriction on tax deductible expenses for unit trust fund	18,541	20,892
Non-permitted expenses for tax purposes	<u>3,160</u>	<u>3,444</u>
Tax expense for the financial period	<u>3,798</u>	<u>-</u>

**12. TOTAL EXPENSE RATIO (“TER”)**

The Fund’s TER is as follows:

	<b>1.8.2022 to 31.1.2023</b>	<b>1.8.2021 to 31.1.2022</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Manager’s fee	0.51	1.00
Trustee’s fee	0.03	0.06
Fund’s other expenses	<u>0.07</u>	<u>0.13</u>
Total TER	<u>0.61</u>	<u>1.19</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 Shariah-compliant investments to the average NAV of the Fund calculated on a daily basis, is 0.24 times (2022: 0.11 times).

**14. SEGMENTAL REPORTING**

In accordance with the objective of the Fund, substantially all of the Fund’s Shariah-compliant investments are made in the form of Shariah-compliant fixed income securities and Islamic money market instruments in Malaysia. The Manager is of the opinion that the risk and rewards from these Shariah-compliant investments are not individually or segmentally distinct and hence the Fund does not have a separately identifiable business or geographical segments.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

**15. TRANSACTIONS WITH FINANCIAL INSTITUTIONS**

Details of transactions with financial institutions for the financial period ended 31 January 2023 are as follows:

Financial institutions	Transaction value	
	RM	%
RHB Investment Bank Berhad	3,062,046	39.31
HSBC Bank Malaysia Berhad	1,500,000	19.26
Standard Chartered Bank Malaysia Berhad	991,151	12.72
CIMB Bank Berhad	912,970	11.72
CIMB Islamic Bank Berhad	506,294	6.50
Malayan Banking Berhad	498,580	6.40
Hong Leong Bank Berhad	318,237	4.09
Total	<u>7,789,278</u>	<u>100.00</u>

There is no transaction with financial institutions related to the Manager, during the financial period.

The above transactions are in respect of Shariah-compliant fixed income instruments. Transactions in these Shariah-compliant investments 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, non-compliance risk and Shariah non-compliance risk.

Risk management is carried out by closely monitoring, measuring and mitigating the above said risks, careful selection of Shariah-compliant investments coupled with stringent compliance to Shariah-compliant investments 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.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

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

**(a) Market risk (cont'd.)**

Financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as Covid-19. The outbreak of Covid-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The outcome of global and local financial markets are highly uncertain and cannot be predicted at this point in time. Due to this, the Manager of the Fund is unable to reliably estimate the quantitative impact of Covid-19 towards the Fund's performance for the next twelve months. The Manager of the Fund will continue to actively monitor the developments in the market to minimise any potential impact to the Fund.

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

**(i) Rate of return risk**

Rate of return risk will affect the value of the Fund's Shariah-compliant investments, given the rate of return movements, which are influenced by regional and local economic developments as well as political developments.

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

Although Islamic Fund does not deal with interest-bearing accounts and products, the fluctuation of profit rate may affect the performance of an Islamic Fund.

**(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 sukuk issuers and financial institutions defaulting on their repayment obligations which in turn would affect the NAV of the Fund.

For deposit with licensed financial institution, the Fund makes placements with financial institutions 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.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2022 TO 31 JANUARY 2023**

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

**(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 the respective internal policies, the Deed and its Supplemental Deed, securities law or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the Fund.

**(h) Shariah non-compliance risk**

This is the risk of the Fund not conforming to Shariah Investment Guidelines. The Shariah adviser for the Fund would be responsible for ensuring that the Fund is managed and administered in accordance with Shariah Investment Guidelines. Note that as the Fund can only invest in Shariah-compliant instruments, non-compliance may adversely affect the NAV of the Fund when the rectification of non-compliance results in losses.

## **AmDynamic Sukuk**

### **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 condensed financial statements are drawn up in accordance with Malaysian Financial Reporting Standards 134: Interim Financial Reporting so as to give a true and fair view of the financial position of AmDynamic Sukuk (the “Fund”) as at 31 January 2023 and the comprehensive income, the changes in net assets attributable to unit holders and cash flows for the financial period then ended.

For and on behalf of the Manager

**GOH WEE PENG**

Executive Director

Kuala Lumpur, Malaysia

24 March 2023

## **TRUSTEE'S REPORT**

### **TO THE UNIT HOLDERS OF AMDYNAMIC SUKUK ("Fund")**

We have acted as Trustee of the Fund for the financial period ended 31 January 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 deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For Deutsche Trustees Malaysia Berhad

**Soon Lai Ching**  
Senior Manager, Trustee Operations

**Jiva Munusamy**  
Head, Client Management

Kuala Lumpur  
24 March 2023

## SHARIAH ADVISER'S REPORT FOR ISLAMIC UNIT TRUST FUND

To the unit holders of AmDynamic Sukuk ("Fund"),

We hereby confirm the following:

1. 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 Shariah principles and requirements and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters: and
2. The assets of the Fund comprise instruments that have been classified as Shariah-compliant.

For Amanie Advisors Sdn Bhd

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Tan Sri Dr Mohd Daud Bakar

Executive Chairman

Date: 24 March 2023

## DIRECTORY

Head Office

9<sup>th</sup> & 10<sup>th</sup> Floor, Bangunan AmBank Group  
55, Jalan Raja Chulan, 50200 Kuala Lumpur  
Tel: (03) 2032 2888 Facsimile: (03) 2031 5210  
Email: enquiries@aminvest.com

Postal Address

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.)*



