

Annual Report for

AmIncome Focus

31 December 2024



AmInvest

Growing Your Investments in a Changing World

TRUST DIRECTORY

Manager

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

Trustee

AmanahRaya Trustees Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

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MANAGER'S REPORT

Dear Unitholder,

We are pleased to present you the Manager's report and the audited accounts of AmIncome Focus ("Fund") for the financial year ended 31 December 2024.

Salient Information of the Fund

Name	AmIncome Focus ("Fund")				
Category/ Type	Wholesale Fixed Income / Income				
Objective	The Fund seeks to provide regular income while aiming for maintaining capital preservation*. <i>Note:</i> <i>* The Fund is not a capital guaranteed or capital protected fund.</i> <i>Any material change to the investment objective of the Fund would require Unit Holders' approval.</i>				
Duration	The Fund was established on 27 August 2018 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.				
Performance Benchmark	70% TR BPAM Corporates (3-7 Years) All Bond Index + 30% Malayan Banking Berhad Overnight Rate (Available at www.aminvest.com)				
Income Distribution Policy	Income distribution (if any) will be paid out at least on a quarterly basis.				
Breakdown of Unit Holdings by Size	For the financial year under review, the size of the Fund stood at 1,000 units.				
	Size of holding	As at 31 December 2024		As at 31 December 2023	
		No of units held	Number of unitholder	No of units held	Number of unitholder
	5,000 and below	1,000	1	1,000	1
	5,001-10,000	-	-	-	-
	10,001-50,000	-	-	-	-
	50,001-500,000	-	-	-	-
	500,001 and above	-	-	-	-

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 31 December are as follows:			
		As at 31 December		
		2024	2023	2022
		%	%	%
	Money market deposits and cash equivalents	100.00	100.00	100.00
	Total	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 years ended 31 December are as follows:				
		FYE 2024	FYE 2023	FYE 2022	
		Net asset value (RM)	1,000	1,000	1,000
		Units in circulation	1,000	1,000	1,000
		Net asset value per unit (RM)	1.0000	1.0000	1.0000
		Highest net asset value per unit (RM)	1.0000	1.0000	1.2627
		Lowest net asset value per unit (RM)	1.0000	1.0000	1.0000
		Benchmark performance (%)	3.59	5.25	1.69
		Total return (%) ⁽¹⁾	0.00	0.00	-17.36
		- Capital growth (%)	0.00	0.00	-17.36
		Total expense ratio (%) ⁽²⁾	3.43	6.50	35.04

Note:

- (1) Total return is the actual return of the Fund for the financial 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. The TER decreased by 3.07% as compared to 6.50% per annum for the financial year ended 31 December 2023 mainly due to decrease in expenses.

Average Total Return (as at 31 December 2024)

	AmlIncome Focus^(a)	Benchmark^{** (b)}
	%	%
One year	0.00	3.59
Three years	-6.16	3.50
Five years	1.07	3.20
Since launch (27 August 2018)	2.12	3.65

Annual Total Return

Financial Years Ended (31 December)	AmlIncome Focus^(a)	Benchmark^{** (b)}
	%	%
2024	0.00	3.59
2023	0.00	5.25
2022	-17.36	1.69
2021	21.08	0.40
2020	5.39	5.17

(a) Source: Novagni Analytics and Advisory Sdn. Bhd.
 (b) 70% TR BPAM Corp 3Y-7Y All Bond + 30% MBB Overnight
 ** Benchmark - from 27 August 2018 to 30 September 2018 - AmBank Overnight Repurchase Repo ("AMBB")
 - from 1 October 2018 onwards - 70% TR BPAM Corporates 3Y-7Y All Bond Index + 30% Malayan Banking Berhad Overnight Rate
 (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.

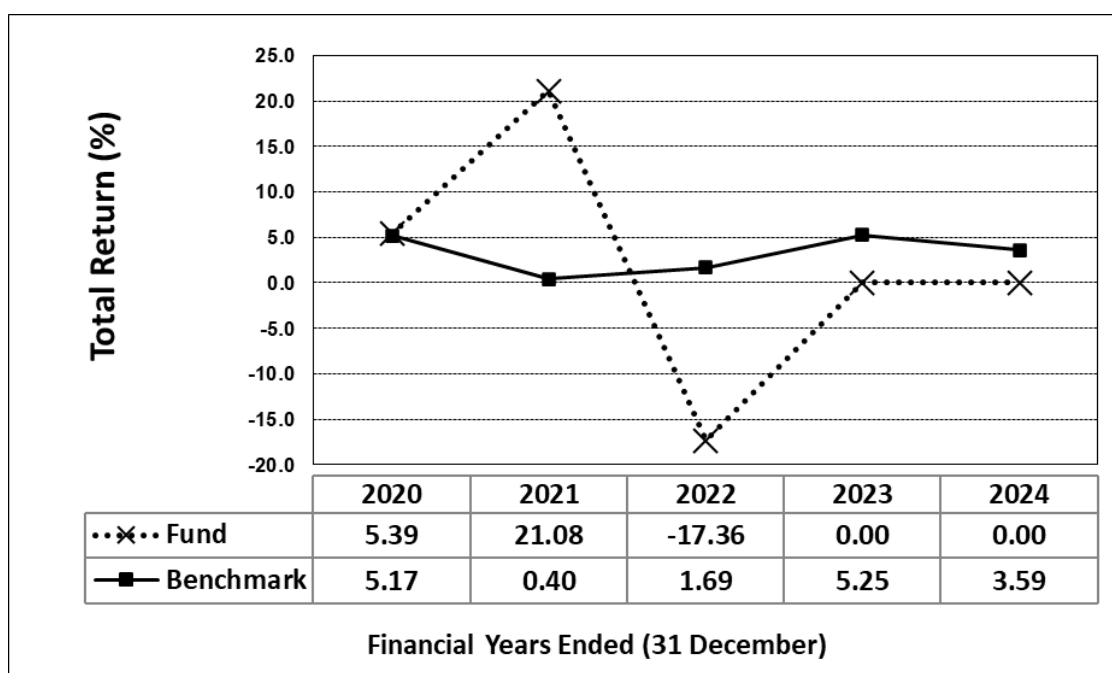
Note: Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

Fund Performance

For the financial year under review, the Fund's return is nil as compared to the benchmark's return of 3.59%.

As compared with the financial year ended 31 December 2023, the net asset value ("NAV") per unit of the Fund is maintained at RM1.0000, while units in circulation remain unchanged at 1,000 units.

The following line chart shows the comparison between the annual performances of AmIncome Focus and its benchmark for the financial years ended 31 December.



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

Has the Fund achieved its objective?

The Fund has remained dormant following full redemption by investor, with token sum held in cash equivalents.

Strategies and Policies Employed

The Fund has remained dormant following full redemption by investor, with token sum held in cash equivalents.

Portfolio Structure	The table below is the asset allocation of the Fund as at 31 December 2024 and 31 December 2023.			
		As at 31.12.2024 %	As at 31.12.2023 %	Changes %
	Money market deposits and cash equivalents	100.00	100.00	-
	Total	100.00	100.00	
	As at 31 December 2024, the Fund remains inactive (without investment activity) and has invested 100% of its NAV in money market deposits and cash equivalents.			
Cross Trade	There were no cross trades undertaken during the financial year under review.			
Distribution/ Unit Splits	There is no income distribution and unit split declared for the financial year under review.			
State of Affairs	The Fund has remained dormant following full redemption by investor.			
Rebates and Soft Commission	During the year, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.			
Market Review	<p>In 2024, Malaysia bond market started the year with a sell-off amid profit taking activities. Local bond market traded weaker in early February as risk-off sentiment emerged in global rate after strong United States (US) jobs data and higher-than-expected US inflation prints forced US Federal Reserves (Fed) to push back on dovish market expectations. Malaysian bond market was trading in a tight range of 4-9 basis points (bps) in March 2024. In April 2024, Malaysian bond market underperformed, in tandem with the sell-off in United States Treasury (UST) as sticky inflation and a resilient labor market have given more reasons for the US Fed to stand pat on key rates. Apart from that, thin market liquidity and rising geopolitical risk in the Middle East also dented local bond market sentiment. In May 2024, Malaysian bond market strengthened driven primarily by lower-than-expected US Job data released at the beginning of the month and dovish tone from the US Fed in its post-Federal Open Market Committee (FOMC) meeting speech. Bank Negara Malaysia (BNM) also maintained the Overnight Policy Rate (OPR) at 3.00% during policy meeting with a neutral monetary stance. Overall, the Malaysia Government Securities (MGS) curve bull-flattened in May 2024 with yields declined by 2-12bps on a Month-on-month (MoM) basis. In June 2024, Malaysian bond market further strengthened driven by similar movement in the UST as the US economic data showed some signs of moderating inflation. The MGS curve experienced a bull steepening in June 2024, with yields declining by 1-6 basis points (bps) on a MoM basis, led by the 3-year and 7-year. In July 2024, the Malaysian bond market strengthened as it was influenced by similar bullish sentiment in UST on continued disinflation and signs of a tighter labor market. The MGS curve continued bull steepening more strongly than the previous month, with yields declining by 15bps on MoM basis for the 3-year, 5-year, 7-year and 10-year tenures. The ultra-long 20-year and 30-year MGS also rallied with yields falling in the mid- to high- single digit. In August 2024, MGS saw yields rise marginally across the curve, despite the lowering of yields in the UST curve. Much of the movement in the US reflects the expectation of a rate cut heightens in the US while the marginal shift in local MGS curve reflects the absence of local catalyst following a rally in July. In September, MGS yields fell across the curve, in tandem with lowering</p>			

	<p>yields in the United States Treasury (UST). In terms of curve movement, Malaysian Government Securities (MGS) curve bull-flattened with rates fallen from 2-6bps MoM on the long to ultra long-end of the curve, whilst the UST curve bull-steepened with yields lowered by 23-49bps Month on month (MoM) on the short-end of the curve. Malaysian bond market was under pressure in October as investor turned bearish bias, influenced by the sell-off in UST driven by uncertainties surrounding United States (US) presidential election and prospect of slower rate cut by US Federal Reserve (Fed). Sentiment was generally weaker throughout the month despite Budget 2025 tabled by Prime Minister (PM) Anwar on 18 October projected a narrower deficit of -3.8% of gross domestic product for 2025. Overall, MGS curve bear flattened, with yields rose 6-22bps on MoM basis in October. In November, Malaysian bond market rallied as investor were influenced by similar bullish sentiment in UST in the later part of the month, coupled with Bank Negara Malaysia (BNM) announcement of the cancellation of the 3-year Government Investment Issue (GII). The lower government bond supply in the market resulted in a buoyant sentiment with MGS yields fell between 5 and 15bps on MoM basis in November. In December, Malaysian bond market traded marginally weaker amidst profit taking activities on the back of bearish global bond backdrop and partly contributed by a lack of liquidity in second half of December as many were away for year-end holiday. This was despite positive news from BNM on the announcement of a much smaller than expected final government bond auction for the year. Overall, MGS yields rose 1-4bps, except for the ultra-long end 30-Year MGS which declined 1bps on a MoM basis in December.</p>
<p>Market Outlook</p>	<p>The Malaysian bond market is expected to remain rangebound in the absence of significant catalysts, with Bank Negara Malaysia (BNM) maintaining the Overnight Policy Rate (OPR) at 3.00% throughout 2025.</p>

Kuala Lumpur, Malaysia
AmFunds Management Berhad

18 February 2025

Independent auditors' report to the unit holder of AmlIncome Focus

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AmlIncome Focus (the "Fund"), which comprise the statement of financial position as at 31 December 2024, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 10 to 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2024, and of its financial performance and cash flows for the financial year then ended in accordance with MFRS Accounting Standards and IFRS Accounting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

Independent auditors' report to the unit holder of AmlIncome Focus (cont'd.)

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

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

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

Responsibilities of the Manager and the Trustee for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

**Independent auditors' report to the unit holder of
AmlIncome Focus (cont'd.)**

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

As part of an audit in accordance with the approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Independent auditors' report to the unit holder of
AmlIncome Focus (cont'd.)**

Other matters

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

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

Ng Sue Ean
No. 03276/07/2026 J
Chartered Accountant

Kuala Lumpur, Malaysia
18 February 2025

AmlIncome Focus**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	Note	2024 RM	2023 RM
ASSET			
Cash at bank		<u>1,020</u>	<u>1,009</u>
TOTAL ASSET		<u>1,020</u>	<u>1,009</u>
LIABILITY			
Sundry payables and accruals		<u>20</u>	<u>9</u>
TOTAL LIABILITY		<u>20</u>	<u>9</u>
NET ASSET VALUE (“NAV”) OF THE FUND		<u>1,000</u>	<u>1,000</u>
EQUITY			
Unit holder’s capital	8(a)	<u>1,000</u>	<u>1,000</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDER	8	<u>1,000</u>	<u>1,000</u>
UNITS IN CIRCULATION	8(a)	<u>1,000</u>	<u>1,000</u>
NAV PER UNIT (RM)		<u>1.0000</u>	<u>1.0000</u>

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

AmlIncome Focus

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM	2023 RM
INVESTMENT INCOME			
Interest income		<u>34</u>	<u>65</u>
EXPENDITURE			
Other expenses		<u>(34)</u>	<u>(65)</u>
Net income before taxation		-	-
Taxation	10	<u>-</u>	<u>-</u>
Net income after taxation, representing total comprehensive income for the financial year		<u>-</u>	<u>-</u>
Total comprehensive income comprises the following:			
Realised income		<u>-</u>	<u>-</u>

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

AmlIncome Focus

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	Unit holder's capital RM	Retained earnings RM	Total equity RM
At 1 January 2024	1,000	-	1,000
Balance at 31 December 2024	<u>1,000</u>	<u>-</u>	<u>1,000</u>
At 1 January 2023	1,000	-	1,000
Balance at 31 December 2023	<u>1,000</u>	<u>-</u>	<u>1,000</u>

AmlIncome Focus

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	2024	2023
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Interest received	34	65
Payments for other expenses	(23)	(1,285)
Net cash generated from/(used in) operating and investing activities	<u>11</u>	<u>(1,220)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11	(1,220)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>1,009</u>	<u>2,229</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>1,020</u>	<u>1,009</u>
Cash and cash equivalents comprise:		
Cash at bank	<u>1,020</u>	<u>1,009</u>

AmlIncome Focus

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

AmlIncome Focus (the “Fund”) was established pursuant to a Deed dated 15 August 2018 as amended by Deeds supplemental thereto (the “Deeds”), between AmFunds Management Berhad as the Manager, Amanahraya Trustees Berhad as the Trustee and the unit holders.

The Fund seeks to provide regular income while aiming for maintaining capital preservation. As provided in the Deeds, the financial period shall end on 31 December and the units in the Fund were first offered for sale on 27 August 2018.

The financial statements were authorised for issue by the Manager on 18 February 2025.

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

Standards effective during the financial year

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

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</i> and MFRS 7 <i>Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

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

Standards issued but not yet effective

The new and amended 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 121 <i>The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures: Amendments to the Classifications and Measurement of Financial Instruments</i>	1 January 2026
Amendments that are part of Annual Improvements - Volume 11: Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2026
Amendments to MFRS 7 <i>Financial Instruments: Disclosures</i>	
Amendments to MFRS 9 <i>Financial Instruments</i>	
Amendments to MFRS 10 <i>Consolidated Financial Statements</i> *	
Amendments to MFRS 107 <i>Statement of Cash Flows</i>	
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> *	1 January 2027
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> *	Deferred

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

3. SUMMARY OF ACCOUNTING POLICIES

3.1 Income recognition

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

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

3.1 Income recognition (cont'd.)

(i) 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.

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.

(ii) 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

3. SUMMARY OF 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 investments that are readily convertible to cash with insignificant risk of changes in value.

3.5 Distribution

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

The unit holder's capital of the Fund meets the definition of puttable instruments and is classified as equity instruments as it meets all criteria for such classification under MFRS 132 *Financial Instruments: Presentation* ("MFRS 132").

3.7 Financial instruments – 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 assets. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

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

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

(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 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.

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 FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

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

3.8 Financial assets (cont'd.)

Classification and 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 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.

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 Target Fund Manager, amount due from Manager, amount due from brokers/financial institutions, dividend/distribution receivables and other receivables.

Financial assets at FVOCI

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

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

Financial assets at FVTPL

Any financial assets that are not measured at amortised cost or FVOCI are measured at FVTPL. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in "Net gain or loss on financial assets at FVTPL". Interest earned element of such instrument is recorded in "Interest income".

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

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

3.8 Financial assets (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.)

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.

3.9 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 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.

3.10 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,
 - 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 YEAR ENDED 31 DECEMBER 2024**

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

3.11 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.

3.12 Determination of fair value

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 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.

3.13 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.

3.14 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

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

3.14 Significant accounting estimates and judgments (cont'd.)

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 holder's 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 year.

4. AMOUNT DUE TO MANAGER

Manager's fee is at a rate of 0.25% (0.15% from 1 January 2023 to 14 March 2023 and 0.25% from 15 March 2023 to 31 December 2023) per annum on the NAV of the Fund, calculated on a daily basis. However, there is no Manager's fee charged in the current and previous financial years.

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

5. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.02% (2023: 0.02%) per annum on the NAV of the Fund, calculated on a daily basis. However, there is no Trustee's fee charged in the current and previous financial years.

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

6. AUDIT FEE

The audit fee amounting to RM5,000 (2023: RM5,000) is borne by the Manager in the current and previous financial years.

7. TAX AGENT'S FEE

The tax agent's fee amounting to RM4,100 (2023: RM4,100) is borne by the Manager in the current and previous financial years.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

8. TOTAL EQUITY

Total equity is represented by:

	Note	2024 RM	2023 RM
Unit holder's capital	(a)	<u>1,000</u>	<u>1,000</u>

(a) Unit holder's capital/Units in circulation

	2024		2023	
	Number of units	RM	Number of units	RM
At beginning/end of the financial year	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

9. 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

	2024		2023	
	Number of units	RM	Number of units	RM
The Manager*	<u>1,000</u>	<u>1,000[^]</u>	<u>1,000</u>	<u>1,000[^]</u>

* The Manager is the legal and beneficial owner of the units.

[^] The price is according to NAV per unit as at 31 December 2024 and 31 December 2023.

There are no units held by any other related party as at 31 December 2024 and 31 December 2023.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

9. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES (CONT'D.)

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

	2024	2023
	RM	RM
Significant related party balance		
<u>AmBank (M) Berhad</u>		
Cash at bank	1,020	1,009

10. 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 before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

	2024	2023
	RM	RM
Net income before taxation	-	-
Taxation at Malaysian statutory rate of 24% (2023: 24%)	-	-
Tax effects of:		
Income not subject to tax	(8)	(16)
Restriction on tax deductible expenses for unit trust fund	7	14
Permitted expenses not used and not available for future financial years	1	2
Tax expense for the financial year	-	-

11. TOTAL EXPENSE RATIO ("TER")

The Fund's TER is as follows:

	2024	2023
	% p.a.	% p.a.
Fund's other expenses	3.43	6.50
Total TER	3.43	6.50

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

12. 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 nil (2023: nil).

13. SEGMENTAL REPORTING

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

14. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial asset and liability of the Fund in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial asset at FVTPL RM	Financial asset at amortised cost RM	Financial liability at amortised cost RM	Total RM
2024				
Financial asset				
Cash at bank	-	1,020	-	1,020
Total financial asset	-	1,020	-	1,020
2023				
Financial asset				
Cash at bank	-	1,009	-	1,009
Total financial asset	-	1,009	-	1,009
			Income, expenses, gains and losses	
			2024	2023
			RM	RM
Income, of which derived from:				
- Interest income from financial asset at amortised cost			<u>34</u>	<u>65</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

14. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments that are carried at fair value

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

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable; either directly or indirectly; or
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following is class of financial instrument that is not carried at fair value and whose carrying amounts is reasonable approximation of fair value due to their short period to maturity or short credit period:

- Cash at bank

There are no financial instruments which are not carried at fair value and whose carrying amounts are not reasonable approximation of their respective fair value.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks that include market risk, credit risk, liquidity 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 investments restrictions as stipulated by the Capital Market and Services Act 2007, Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and the Deeds as the backbone of risk management of the Fund.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

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

(a) Market risk

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

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

(i) Interest rate risk

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

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

(b) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. The Fund can invest up to 100% of the NAV in fixed income instruments. As such the Fund would be exposed to the risk of bond issuers and financial institutions defaulting on its repayment obligations which in turn would affect the NAV of the Fund.

Cash at bank is held for liquidity purposes and is not exposed to significant credit risk.

(c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its financial liabilities or redeem its units earlier than expected. This is also the risk of the Fund experiencing large redemptions, when the Investment Manager could be forced to sell large volumes of its holdings at unfavorable prices to meet redemption requirements.

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holder. Liquid assets comprise of cash at banks, deposit with licensed financial institution and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

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

(c) Liquidity risk (cont'd.)

The following table presents the undiscounted contractual cash flows from different financial asset class in the Fund:

	Contractual cash flows (undiscounted)
	0 – 1
	year
	RM
2024	
Financial asset	
Cash at bank	1,020
Total financial asset	<u>1,020</u>
2023	
Financial asset	
Cash at bank	1,009
Total financial asset	<u>1,009</u>

(d) Regulatory risk

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

(e) Management risk

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

(f) Non-compliance risk

This is the risk of the Manager or the Trustee not complying with their respective internal policies, the Deeds, securities law or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the Fund.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

16. CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for creation and cancellation of units to the Fund.

The Fund's objectives for managing capital are:

- (a) To invest in investments meeting the description, risk exposure and expected return indicated in its Information Memorandum;
- (b) To maintain sufficient liquidity to meet the expenses of the Fund, and to meet cancellation requests as they arise; and
- (c) To maintain sufficient fund size to make the operations of the Fund cost-efficient.

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

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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 MFRS Accounting Standards and IFRS Accounting Standards so as to give a true and fair view of the financial position of AmIncome Focus (the “Fund”) as at 31 December 2024 and of the comprehensive income, the changes in equity and cash flows for the financial year then ended.

For and on behalf of the Manager

GOH WEE PENG

Executive Director

Kuala Lumpur, Malaysia

18 February 2025

TRUSTEE'S REPORT

To the unit holders of **AMINCOME FOCUS** ("Fund"),

We have acted as Trustee of the Fund for the financial year ended 31 December 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AMFUNDS MANAGEMENT BERHAD has operated and managed the Fund during the year 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 Unlisted Capital Market Products Under the Lodge and Launch Framework; and
2. Valuation and pricing is carried out in accordance with the deed.

For **AMANAHRAYA TRUSTEES BERHAD**

ZAINUDIN BIN SUHAIMI

Chief Executive Officer

Date: 12 February 2025

DIRECTORY

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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.)*

