

Semi-Annual Report for

AmIncome Management

31 January 2024



AmInvest

Growing Your Investments in a Changing World

TRUST DIRECTORY

Manager

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

Board of Directors

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

Investment Committee

Arnold Lim Boon Lay
Tracy Chen Wee Keng
Goh Wee Peng

Trustee

Deutsche Trustees Malaysia Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

CONTENTS

- 1** Manager's Report
- 7** Statement of Financial Position
- 8** Statement of Comprehensive Income
- 9** Statement of Changes in Equity
- 10** Statement of Cash Flows
- 11** Notes to the Financial Statements
- 30** Statement by the Manager
- 31** Trustee's Report
- 32** Directory

MANAGER'S REPORT

Dear Unitholders,

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

Salient Information of the Fund

Name	AmlIncome Management ("Fund")
Category/ Type	Fixed Income / Income
Objective	<p>The Fund is a fixed income fund which aims to provide income* and liquidity** over the short to medium-term.</p> <p><i>Note:</i> * Income distribution (if any) will be reinvested. ** Liquidity means that investor may receive their withdrawal proceeds within 2 Business Days after redemption application is received by the Manager on or before the cut-off time. Any material change to the investment objective of the Fund would require Unit Holders' approval.</p>
Duration	The Fund was established on 2 December 2013 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.
Performance Benchmark	<p>AmBank (M) Berhad 12-months conventional fixed deposit rate ("AMBB"). (Available at www.aminvest.com)</p> <p><i>Note: The risk profile of the Fund's investment is higher than the risk profile of the performance benchmark and consequently, the Fund is expected to outperform the performance benchmark.</i></p>
Income Distribution Policy	Subject to availability of income, distribution is paid at least twice every year and will be reinvested.

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 31 January 2024 and for the past three financial years are as follows:				
		As at 31.01.2024 %	As at 31 July		
			2023 %	2022 %	2021 %
	Commercial papers	0.20	-	-	-
	Corporate bonds	81.98	74.08	66.14	83.28
	Cagamas bond	-	10.35	8.85	-
	Money market deposits and cash equivalents	17.82	15.57	25.01	16.72
Total	100.00	100.00	100.00	100.00	

Note: The abovementioned percentages are calculated based on total net asset value.

Performance Details

Performance details of the Fund for the financial period ended 31 January 2024 and three financial years ended 31 July are as follows:

	FPE 2024	FYE 2023	FYE 2022	FYE 2021
Net asset value (RM)	150,639,177	193,292,567	224,124,869	293,253,202
Units in circulation	142,468,423	181,231,343	210,596,757	275,273,751
Net asset value per unit (RM)	1.0574	1.0666	1.0642	1.0653
Highest net asset value per unit (RM)	1.0696	1.0747	1.0685	1.0691
Lowest net asset value per unit (RM)	1.0573	1.0626	1.0563	1.0584
Benchmark performance (%)	1.30	2.41	1.62	1.55
Total return (%) ⁽¹⁾	1.89	3.56	1.71	2.14
-Capital growth (%)	-0.84	0.27	-0.09	0.38
-Income distributions (%)	2.73	3.29	1.80	1.76
Gross distributions (sen per unit)	2.9075	3.5000	1.9200	1.8700
Net distributions (sen per unit)	2.9075	3.5000	1.9200	1.8700
Total expense ratio (%) ⁽²⁾	0.21	0.42	0.41	0.41
Portfolio turnover ratio (times) ⁽³⁾	0.33	0.13	0.45	0.64

Note:

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

Average Total Return (as at 31 January 2024)

	AmlIncome Management^(a) %	AMBB^(b) %
One year	3.91	2.55
Three years	2.62	2.03
Five years	3.26	2.21
Ten years	2.60	2.74

Annual Total Return

Financial Years Ended (31 July)	AmlIncome Management^(a) %	AMBB^(b) %
2023	3.56	2.41
2022	1.71	1.62
2021	2.14	1.55
2020	4.28	2.60
2019	5.03	3.27

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

(b) AmBank (M) Berhad 12-months conventional fixed deposit rate ("AMBB").
(Available at www.aminvest.com)

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

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

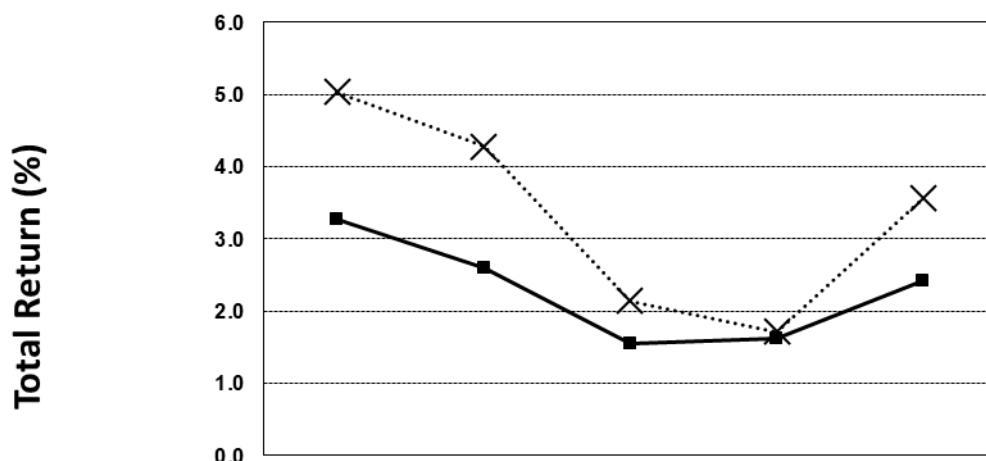
Fund Performance

For the financial period under review, the Fund registered a return of 1.89% comprising of negative 0.84% capital and 2.73% income distribution.

Thus, the Fund's return of 1.89% has outperformed the benchmark's return of 1.30% by 0.59%.

As compared with the financial year ended 31 July 2023, the net asset value ("NAV") per unit of the Fund decreased by 0.86% from RM1.0666 to RM1.0574, while units in circulation decreased by 21.39% from 181,231,343 units to 142,468,423 units.

The following line chart shows comparison between the annual performances of AmlIncome Management and its benchmark, AMBB, for the financial years ended 31 July.



	2019	2020	2021	2022	2023
...X... Fund	5.03	4.28	2.14	1.71	3.56
—■— Benchmark	3.27	2.60	1.55	1.62	2.41

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 The Fund invested primarily in fixed income instruments such as sovereign, quasi-sovereign and corporate bonds, accepted bills, negotiable instrument of deposits, repurchase agreement (Repo) and deposits with financial institutions.

Portfolio Structure The table below is the asset allocation of the Fund as at 31 January 2024 and 31 July 2023.

	As at 31.01.2024 %	As at 31.07.2023 %	Changes %
Commercial papers	0.20	-	0.20
Corporate bonds	81.98	74.08	7.90
Cagamas bond	-	10.35	-10.35
Money market deposits and cash equivalents	17.82	15.57	2.25
Total	100.00	100.00	

During the financial period under review, the Fund invested 81.98% of its NAV in corporate bonds, 0.20% in commercial papers and the balance of 17.82% was held in money market deposits and cash equivalents.

Securities Lending / Repurchase Transactions The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”).

Cross Trade There were no cross trades undertaken during the financial period under review.

Distribution/ Unit Splits	<p>During the financial period under review, the Fund declared income distributions, detailed as follows:</p> <table border="1" data-bbox="359 219 1452 495"> <thead> <tr> <th data-bbox="359 219 571 315">Date of distributions</th> <th data-bbox="571 219 895 315">Distributions per unit RM (sen)</th> <th data-bbox="895 219 1198 315">NAV per unit Cum-Distributions (RM)</th> <th data-bbox="1198 219 1452 315">NAV per unit Ex-Distributions (RM)</th> </tr> </thead> <tbody> <tr> <td data-bbox="359 315 571 353">30-Aug-23</td> <td data-bbox="571 315 895 353">0.5900</td> <td data-bbox="895 315 1198 353">1.0697</td> <td data-bbox="1198 315 1452 353">1.0638</td> </tr> <tr> <td data-bbox="359 353 571 392">29-Sep-23</td> <td data-bbox="571 353 895 392">0.9075</td> <td data-bbox="895 353 1198 392">1.0664</td> <td data-bbox="1198 353 1452 392">1.0573</td> </tr> <tr> <td data-bbox="359 392 571 430">31-Oct-23</td> <td data-bbox="571 392 895 430">0.2500</td> <td data-bbox="895 392 1198 430">1.0599</td> <td data-bbox="1198 392 1452 430">1.0574</td> </tr> <tr> <td data-bbox="359 430 571 468">29-Dec-23</td> <td data-bbox="571 430 895 468">0.3200</td> <td data-bbox="895 430 1198 468">1.0651</td> <td data-bbox="1198 430 1452 468">1.0619</td> </tr> <tr> <td data-bbox="359 468 571 495">31-Jan-24</td> <td data-bbox="571 468 895 495">0.8400</td> <td data-bbox="895 468 1198 495">1.0658</td> <td data-bbox="1198 468 1452 495">1.0574</td> </tr> </tbody> </table> <p>There is no unit split declared for the financial period under review.</p>	Date of distributions	Distributions per unit RM (sen)	NAV per unit Cum-Distributions (RM)	NAV per unit Ex-Distributions (RM)	30-Aug-23	0.5900	1.0697	1.0638	29-Sep-23	0.9075	1.0664	1.0573	31-Oct-23	0.2500	1.0599	1.0574	29-Dec-23	0.3200	1.0651	1.0619	31-Jan-24	0.8400	1.0658	1.0574
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30-Aug-23	0.5900	1.0697	1.0638																						
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31-Jan-24	0.8400	1.0658	1.0574																						
State of Affairs	<p>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.</p>																								
Rebates and Soft Commission	<p>During the period, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.</p>																								
Market Review	<p>In the month of September and October 2023, local bond market took cue from the selloff in the United States Treasuries (UST) and saw yields rising across the curve. Much of the movement was due to the more hawkish guidance from the United States Federal Reserve. Notably, both the 10-year and 30-year UST touched the psychologically significant 5.00% level. In addition to the external factors, local bond market sentiment was also weighed by concerns over Malaysian government bond supply. Overall, the Malaysia Government Securities (MGS) yield curve shifted upwards, with yields rising by 9 to 17bps from end-August 2023.</p> <p>After the strong rally seen in November 2023, the MGS saw the rally continued in December 2023, save for 3Y, albeit at a lower magnitude. Much of the movement was due to the rally seen in the UST. MGS curve bull flattened MoM with yields declined by 3bps to 10bps across the curve led by the 7Y, followed by the most watched 10Y, which declined by 9bps.</p> <p>The local bond market started the first week of the year with a sell-down amid profit taking following the strong year-end rally and cautious move ahead of United States (US) non-farm payroll data announcement. Following stronger United States economic data and hawkish US Federal Reserve (Fed) member's comments, the local market traded sideways, and turned better on the last week of January in tandem with the UST amid lower PCE readings resulted in an expectation the Fed would start unwinding its policy tightening.</p> <p>As the Fed pushed back on dovish market expectations of US rate cuts, coupled by strong US jobs data and higher than expected US inflation prints, the Malaysian bond market saw some sell-down in MGS in the belly of the curve. Some buying interest returned to ringgit bonds as US rates began to show some signs of stabilization, however not fully reversing the sell-off in the earlier part of the month.</p>																								

Market Outlook	<p>On the domestic front, Bank Negara Malaysia kept current Overnight Policy Rate (OPR) level unchanged in the recent Monetary Policy Committee (MPC) meeting in January and reiterated the current monetary policy as accommodative amid lower cost pressures and stabilising demand conditions.</p> <p>With the rate cut expected in developed markets, we remain constructive on the outlook for the bond market. Hence, we maintain overweight on duration position and stay active on the primary market.</p> <p>We continue to favour corporate bonds over government bonds for higher yield pick-up. However, credit spreads have tightened considerably since the start of the year. Therefore, we will be selective on the credit names.</p>
Additional Information	<p>The following information was updated:</p> <p>The Eleventh Supplementary Master Prospectus dated 1 March 2024 has been registered with the Securities Commission Malaysia. The issuance of the Eleventh Supplementary Master Prospectus is to update the corporate information in relation to Deutsche Trustees Malaysia Berhad. Notice of the issuance for the Eleventh Supplementary Master Prospectus dated 1 March 2024 has been published on our website at www.aminvest.com and sent to the Unit Holders on 13 March 2024.</p>

Kuala Lumpur, Malaysia
AmFunds Management Berhad

18 March 2024

AmlIncome Management

STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2024

	Note	31.01.2024 (unaudited) RM	31.07.2023 (audited) RM
ASSETS			
Investments	4	123,792,040	163,192,740
Deposits with licensed financial institutions	5	28,026,303	30,433,515
Amount due from Manager	6(a)	53,951	587,292
Cash at bank		33,883	10,762
TOTAL ASSETS		151,906,177	194,224,309
LIABILITIES			
Amount due to Manager	6(b)	51,185	63,373
Amount due to Trustee	7	7,774	9,908
Distribution payable		1,196,735	848,163
Sundry payables and accruals		11,306	10,298
TOTAL LIABILITIES		1,267,000	931,742
NET ASSET VALUE (“NAV”) OF THE FUND		150,639,177	193,292,567
EQUITY			
Unit holders’ capital	9(a)	137,166,127	178,590,952
Retained earnings	9(b)(c)	13,473,050	14,701,615
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	9	150,639,177	193,292,567
UNITS IN CIRCULATION	9(a)	142,468,423	181,231,343
NAV PER UNIT (RM)		1.0574	1.0666

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

AmlIncome Management

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

		01.08.2023 to 31.01.2024	01.08.2022 to 31.01.2023
	Note	RM	RM
INVESTMENT INCOME			
Interest income		2,587,395	3,925,203
Net gain/(loss) from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	<u>311,499</u>	<u>(102,089)</u>
		<u>2,898,894</u>	<u>3,823,114</u>
EXPENDITURE			
Manager’s fee	6	(244,642)	(396,287)
Trustee’s fee	7	(41,939)	(67,935)
Audit fee		(2,522)	(2,533)
Tax agent’s fee		(2,061)	(2,067)
Other expenses		<u>(3,736)</u>	<u>(3,237)</u>
		<u>(294,900)</u>	<u>(472,059)</u>
Net income before taxation		2,603,994	3,351,055
Taxation	11	<u>-</u>	<u>-</u>
Net income after taxation, representing total comprehensive income for the financial period		<u>2,603,994</u>	<u>3,351,055</u>
Total comprehensive income comprises the following:			
Realised income		2,248,869	3,453,543
Unrealised gain/(loss)		<u>355,125</u>	<u>(102,488)</u>
		<u>2,603,994</u>	<u>3,351,055</u>
Distributions for the financial period			
Net distributions	12	<u>3,832,559</u>	<u>1,994,467</u>
Gross distributions per unit (sen)	12	<u>2.9075</u>	<u>0.9600</u>
Net distributions per unit (sen)	12	<u>2.9075</u>	<u>0.9600</u>

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

AmlIncome Management

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

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 August 2023		178,590,952	14,701,615	193,292,567
Total comprehensive income for the financial period		-	2,603,994	2,603,994
Creation of units	9(a)	44,609,147	-	44,609,147
Reinvestment of distributions	9(a)	3,483,987	-	3,483,987
Cancellation of units	9(a)	(89,517,959)	-	(89,517,959)
Distributions	12	-	(3,832,559)	(3,832,559)
Balance at 31 January 2024		<u>137,166,127</u>	<u>13,473,050</u>	<u>150,639,177</u>
At 1 August 2022		210,042,751	14,082,118	224,124,869
Total comprehensive income for the financial period		-	3,351,055	3,351,055
Creation of units		61,616,292	-	61,616,292
Reinvestment of distributions		2,005,778	-	2,005,778
Cancellation of units		(71,153,244)	-	(71,153,244)
Distributions	12	-	(1,994,467)	(1,994,467)
Balance at 31 January 2023		<u>202,511,577</u>	<u>15,438,706</u>	<u>217,950,283</u>

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

AmlIncome Management

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

	01.08.2023 to 31.01.2024 RM	01.08.2022 to 31.01.2023 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	64,965,500	-
Purchases of investments	(25,920,540)	(5,004,000)
Interest received	3,254,633	4,332,584
Manager's fee paid	(256,830)	(389,514)
Trustee's fee paid	(44,073)	(66,808)
Payments for other expenses	(7,311)	(1,874)
Net cash generated from/(used in) operating and investing activities	<u>41,991,379</u>	<u>(1,129,612)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	45,142,489	60,061,544
Payments for cancellation of units	(89,517,959)	(71,153,244)
Net cash used in financing activities	<u>(44,375,470)</u>	<u>(11,091,700)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,384,091)	(12,221,312)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>30,444,277</u>	<u>56,473,439</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>28,060,186</u>	<u>44,252,127</u>
Cash and cash equivalents comprise:		
Deposits with licensed financial institutions	28,026,303	44,240,333
Cash at banks	33,883	11,794
	<u>28,060,186</u>	<u>44,252,127</u>

AmlIncome Management

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

1. GENERAL INFORMATION

AmlIncome Management (the “Fund”) was established pursuant to a Deed dated 30 May 2013 as amended by Deeds supplemental thereto (the “Deeds”), between AmFunds Management Berhad as the Manager, Deutsche Trustees Malaysia Berhad as the Trustee and the unit holders.

The Fund is a fixed income fund which aims to provide income and liquidity over the short to medium-term. As provided in the Deeds, the financial year shall end on 31 July and the units in the Fund were first offered for sale on 2 December 2013.

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Standards effective during the financial period

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

Description	Effective for financial periods beginning on or after
MFRS 17 <i>Insurance Contracts and Amendments to MFRS 17*</i>	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contracts</i>)*	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current</i>	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements: Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes: International Tax Reform - Pillar Two Model Rules</i>	1 January 2023

AmlIncome Management

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

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

Standards issued but not yet effective

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

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

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

3. SUMMARY OF ACCOUNTING POLICIES

3.1 Income recognition

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

(i) 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.

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

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

3.1 Income recognition (cont'd.)

- (ii) Gain or loss on disposal of investments

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

3.2 Income tax

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

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

3.3 Functional and presentation currency

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

3.4 Statement of cash flows

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

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

3.5 Distributions

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

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

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

3.6 Unit holders' capital

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

3.7 Financial assets – initial recognition and measurement

(i) Initial recognition

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

(ii) Initial measurement

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

(iii) "Day 1" profit or loss

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

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

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

3.8 Financial assets – classification and subsequent measurement

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

Business model

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

Cash flow characteristics

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

3.9 Financial assets under MFRS 9

Classification and measurement

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

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

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

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

Classification and measurement

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".

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

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

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

3.10 Financial liabilities – classification and subsequent measurement

Financial liabilities issued by the Fund are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the 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.

3.11 Derecognition of financial instruments

(i) Derecognition of financial asset

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

- the rights to receive cash flows from the asset have expired, or
- the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either:
 - the Fund has transferred substantially all the risks and rewards of the asset, or
 - the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(ii) Derecognition of financial liability

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

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

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

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

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

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

3.13 Determination of fair value

For investments in local 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.

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

No major judgments have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

AmlIncome Management

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

4. INVESTMENTS

	31.01.2024 RM	31.07.2023 RM
Financial assets at FVTPL		
At nominal value:		
Corporate bonds	121,500,000	141,500,000
Commercial paper	300,000	-
Cagamas bond	-	20,000,000
	<u>121,800,000</u>	<u>161,500,000</u>
At fair value:		
Corporate bonds	123,496,855	143,186,573
Commercial paper	295,185	-
Cagamas bond	-	20,006,167
	<u>123,792,040</u>	<u>163,192,740</u>

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

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Corporate bonds					
17.05.2024	CIMB Bank Berhad	5,000,000	5,060,350	5,068,015	3.36
14.06.2024	Hong Leong Financial Group Berhad	10,000,000	10,073,626	10,090,568	6.69
05.07.2024	Edra Energy Sdn. Bhd.	5,000,000	5,061,504	5,067,891	3.36
08.07.2024	CIMB Thai Bank Public Company Limited	5,000,000	5,015,094	5,016,751	3.33
13.12.2024	Malaysia Airports Holdings Berhad	5,000,000	5,093,508	5,099,852	3.38
20.12.2024	MBSB Bank Berhad	15,000,000	15,206,240	15,520,752	10.09

AmlIncome Management

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

4. INVESTMENTS (CONT'D.)

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

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Corporate bonds (cont'd.)					
27.12.2024	Malaysia Airports Capital Berhad	10,000,000	10,085,894	10,135,643	6.69
18.06.2025	Pelabuhan Tanjung Pelepas Sdn. Bhd.	10,000,000	10,035,610	10,046,110	6.66
25.07.2025	Toyota Capital Malaysia Sdn. Bhd.	5,000,000	4,953,924	5,002,063	3.29
15.08.2025	Sabah Development Bank Berhad	20,000,000	20,499,742	20,435,665	13.61
21.08.2025	Sabah Development Bank Berhad	3,000,000	3,073,182	3,063,482	2.04
02.12.2025	Digi Telecommunications Sdn. Bhd.	15,000,000	15,373,689	15,371,279	10.21
24.04.2026	Sabah Development Bank Berhad	1,500,000	1,559,413	1,580,119	1.04
30.06.2027	PONSB Capital Berhad	5,000,000	5,179,841	5,172,520	3.44
16.07.2027	Leader Energy Sdn. Bhd.	2,000,000	1,975,658	2,003,638	1.31
02.12.2027	Digi Telecommunications Sdn. Bhd.	5,000,000	5,249,580	5,248,713	3.48
Total corporate bonds		121,500,000	123,496,855	123,923,061	81.98

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

4. INVESTMENTS (CONT'D.)

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

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Commercial paper					
12.07.2024	Hong Leong Islamic Bank Berhad	300,000	295,185	295,105	0.20
Total commercial paper		<u>300,000</u>	<u>295,185</u>	<u>295,105</u>	<u>0.20</u>
Total financial assets at FVTPL		<u>121,800,000</u>	<u>123,792,040</u>	<u>124,218,166</u>	<u>82.18</u>
Shortfall of fair value over adjusted cost			<u>(426,126)</u>		

5. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	31.01.2024 RM	31.07.2023 RM
At nominal value:		
Short-term deposits	<u>28,024,000</u>	<u>30,431,000</u>
At carrying value:		
Short-term deposits	<u>28,026,303</u>	<u>30,433,515</u>

Details of deposits with licensed financial institutions are as follows:

Maturity date	Financial Institutions	Nominal value RM	Carrying value RM	Carrying value as a percentage of NAV %
31.01.2024				
Short-term deposits				
02.02.2024	Hong Leong Bank Berhad	13,024,000	13,025,070	8.65
02.02.2024	Public Bank Berhad	15,000,000	15,001,233	9.96
		<u>28,024,000</u>	<u>28,026,303</u>	<u>18.61</u>

AmlIncome Management

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

6. AMOUNT DUE FROM/TO MANAGER

	Note	31.01.2024 RM	31.07.2023 RM
(a) Due from Manager			
Creation of units	(i)	<u>53,951</u>	<u>-</u>
(b) Due to Manager			
Manager's fee payable	(ii)	<u>51,185</u>	<u>63,373</u>

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

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

(ii) Manager's fee is at a rate of 0.35% (31.07.2023: 0.35%) 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 is one month.

7. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.06% (31.07.2023: 0.06%) per annum on the NAV of the Fund, calculated on a daily basis, subject to a minimum fee of RM10,000 per annum.

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

8. NET GAIN/(LOSS) FROM INVESTMENTS

	01.08.2023 to 31.01.2024 RM	01.08.2022 to 31.01.2023 RM
Net gain/(loss) on financial assets at FVTPL comprised:		
- Net realised (loss)/gain on sale of investments	(43,626)	399
- Net unrealised gain/(loss) on changes in fair value of investments	<u>355,125</u>	<u>(102,488)</u>
	<u>311,499</u>	<u>(102,089)</u>

AmlIncome Management

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

9. TOTAL EQUITY

Total equity is represented by:

	Note	31.01.2024 RM	31.07.2023 RM
Unit holders' capital	(a)	137,166,127	178,590,952
Retained earnings			
– Realised income	(b)	13,899,176	15,482,866
– Unrealised losses	(c)	(426,126)	(781,251)
		<u>150,639,177</u>	<u>193,292,567</u>

(a) Unit holders' capital/units in circulation

	31.01.2024		31.07.2023	
	Number of units	RM	Number of units	RM
At beginning of the financial period/year	181,231,343	178,590,952	210,596,757	210,042,751
Creation during the financial period/year	41,952,468	44,609,147	84,091,007	89,809,333
Reinvestment of distributions	3,281,999	3,483,987	5,759,867	6,150,924
Cancellation during the financial period/year	(83,997,387)	(89,517,959)	(119,216,288)	(127,412,056)
At end of the financial period/year	<u>142,468,423</u>	<u>137,166,127</u>	<u>181,231,343</u>	<u>178,590,952</u>

(b) Realised – distributable

	31.01.2024 RM	31.07.2023 RM
At beginning of the financial period/year	15,482,866	15,575,646
Net realised income for the financial period/year	2,248,869	6,569,352
Distributions out of realised income	(3,832,559)	(6,662,132)
At end of the financial period/year	<u>13,899,176</u>	<u>15,482,866</u>

(c) Unrealised – non-distributable

	31.01.2024 RM	31.07.2023 RM
At beginning of the financial period/year	(781,251)	(1,493,528)
Net unrealised gains for the financial period/year	355,125	712,277
At end of the financial period/year	<u>(426,126)</u>	<u>(781,251)</u>

AmIncome Management

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

10. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

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

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

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

11. TAXATION

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

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

	01.08.2023 to 31.01.2024 RM	01.08.2022 to 31.01.2023 RM
Net income before taxation	2,603,994	3,351,055
Taxation at Malaysian statutory rate of 24% (2023: 24%)	624,959	804,253
Tax effects of:		
Income not subject to tax	(722,684)	(942,144)
Losses not allowed for tax deduction	26,949	24,597
Restriction on tax deductible expenses for unit trust fund	53,387	86,145
Non-permitted expenses for tax purposes	11,457	17,577
Permitted expenses not used and not available for future financial periods	5,932	9,572
Tax expense for the financial period	-	-

AmlIncome Management

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

12. DISTRIBUTION

Details of distributions to unit holders for the financial periods are as follows:

	01.08.2023 to 31.01.2024 RM	01.08.2022 to 31.01.2023 RM
Gross distributions per unit (sen)	2.9075	0.9600
Net distributions per unit (sen)	2.9075	0.9600

Financial period ended 31 January 2024

Distributions Ex-date	Gross distributions per unit RM (sen)	Net distributions per unit RM (sen)	Total distributions RM
30 August 2023	0.5900	0.5900	739,294
29 September 2023	0.9075	0.9075	1,126,081
31 October 2023	0.2500	0.2500	311,653
29 December 2023	0.3200	0.3200	458,796
31 January 2024	0.8400	0.8400	1,196,735
	<u>2.9075</u>	<u>2.9075</u>	<u>3,832,559</u>

Financial period ended 31 January 2023

Distributions Ex-date	Gross distributions per unit RM (sen)	Net distributions per unit RM (sen)	Total distributions RM
30 August 2022	0.1600	0.1600	362,742
30 September 2022	0.1600	0.1600	331,294
31 October 2022	0.1600	0.1600	325,891
30 November 2022	0.1600	0.1600	321,117
30 December 2022	0.1600	0.1600	327,779
31 January 2023	0.1600	0.1600	325,644
	<u>0.9600</u>	<u>0.9600</u>	<u>1,994,467</u>

	01.08.2023 to 31.01.2024 RM	01.08.2022 to 31.01.2023 RM
Total amount available for distributions	<u>13,899,176</u>	<u>15,482,866</u>

AmlIncome Management

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

12. DISTRIBUTION (CONT'D.)

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

The distributions declared for the financial period ended 31 January 2023 was proposed before taking into account the net unrealised loss of RM102,488 during the financial period which was carried forward to the current financial period.

13. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	01.08.2023 to 31.01.2024 % p.a.	01.08.2022 to 31.01.2023 % p.a.
Manager’s fee	0.18	0.18
Trustee’s fee	0.03	0.03
Fund’s other expenses	-*	-*
Total TER	<u>0.21</u>	<u>0.21</u>

* represents less than 0.01%

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

14. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investments to the average NAV of the Fund calculated on a daily basis, is 0.33 times (01.08.2022 to 31.01.2023: 0.01 times).

15. 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.

AmlIncome Management

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

16. TRANSACTIONS WITH BROKERS

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

	Transaction value	
	RM	%
CIMB Bank Berhad	25,755,243	36.10
Hong Leong Bank Berhad	20,298,321	28.46
RHB Investment Bank Berhad	10,101,616	14.16
AmBank Islamic Berhad*	10,066,234	14.11
AmBank (M) Berhad*	5,112,856	7.17
Total	<u>71,334,270</u>	<u>100.00</u>

* A financial institution related to the Manager.

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

The above transactions are in respect of fixed income instruments. Transactions in these investments do not involve any commission or brokerage.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

(a) Market risk

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

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

(i) Interest rate risk

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

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

(b) Credit risk

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

For deposits with licensed financial institutions, 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.

(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.

AmlIncome Management

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

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

(d) Single issuer risk

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

(e) Regulatory risk

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

(f) Management risk

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

(g) Non-compliance risk

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

AmIncome Management

STATEMENT BY THE MANAGER

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

For and on behalf of the Manager

GOH WEE PENG

Executive Director

Kuala Lumpur, Malaysia

18 March 2024

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AMINCOME MANAGEMENT ("Fund")

We have acted as Trustee of the Fund for the financial period ended 31 January 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AmFunds Management Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the management company under the 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.

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Fund Operations

Sylvia Beh
Chief Executive Officer

Kuala Lumpur
18 March 2024

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*For enquiries about this or any of the other Funds offered by AmFunds Management Berhad
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