

Semi-Annual Report for

AmIncome Plus

30 April 2024



AmInvest

Growing Your Investments in a Changing World

TRUST DIRECTORY

Manager

AmFunds Management Berhad
9th & 10th Floor, Bangunan AmBank Group
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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

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 Unit holders,

We are pleased to present you the Manager's report and the unaudited accounts of AmlIncome Plus ("Fund") for the financial period from 1 November 2023 to 30 April 2024.

Salient Information of the Fund

Name	AmlIncome Plus ("Fund")
Category/ Type	Fixed Income / Income
Objective	The Fund is a short to medium-term fixed income fund which aims to provide you with enhanced returns. <i>Note: Any material change to the investment objective of the Fund would require Unit Holders' approval.</i>
Duration	The Fund was established on 26 November 2001 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	Malayan Banking Berhad 1-Month Fixed Deposit Rate. ("MBB") (Available at www.aminvest.com / www.maybank2u.com.my) <i>Note: The benchmark does not imply that the risk profile of the Fund is the same as the risk profile of the benchmark. Investors of the Fund will assume a higher risk compared to the benchmark. Hence, the returns of the Fund may be potentially higher due to the higher risk faced by the investors.</i>
Income Distribution Policy	Income distribution (if any) is paid at least twice every year.

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 30 April 2024 and for the past three financial years are as follows:				
		As at 30.04.2024 %	As at 31 October		
			2023 %	2022 %	2021 %
	Corporate bonds	90.37	81.55	82.06	91.11
	Malaysian Government Securities	2.55	6.47	3.26	-
	Money market deposits and cash equivalents	7.08	11.98	14.68	8.89
Total	100.00	100.00	100.00	100.00	
	<i>Note: The abovementioned percentages are calculated based on total net asset value.</i>				

Performance Details

Performance details of the Fund for the financial period ended 30 April 2024 and three financial years ended 31 October are as follows:

	FPE 30.04.2024	FYE 2023	FYE 2022	FYE 2021
Net asset value (RM)	362,137,497	462,630,501	462,738,200	668,849,114
Units in circulation	543,473,285	713,088,343	731,103,051	1,044,051,686
Net asset value per unit (RM)	0.6663	0.6488	0.6329	0.6406
Highest net asset value per unit (RM)	0.6663	0.6544	0.6479	0.6742
Lowest net asset value per unit (RM)	0.6488	0.6321	0.6235	0.6402
Benchmark performance (%)	1.25	2.53	1.73	1.50
Total return (%) ⁽¹⁾	2.70	4.59	1.56	0.93
- Capital growth (%)	2.70	2.54	-1.17	-4.30
- Income distributions (%)	-	2.05	2.73	5.23
Gross distributions (sen per unit)	-	1.30	1.75	3.50
Net distributions (sen per unit)	-	1.30	1.75	3.50
Total expense ratio (%) ⁽²⁾	0.41	0.82	0.82	0.82
Portfolio turnover ratio (times) ⁽³⁾	0.43	0.82	0.51	0.77

Note:

(1) Total return is the actual return of the Fund for the respective financial period/years computed based on the net asset value per unit and net of all fees.

(2) Total expense ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis.

(3) Portfolio turnover ratio ("PTR") is calculated based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis.

Average Total Return (as at 30 April 2024)

	AmlIncome Plus^(a) %	MBB^(b) %
One year	4.47	2.57
Three years	3.20	2.09
Five years	3.39	2.12
Ten years	3.54	2.60

Annual Total Return

Financial Years Ended (31 October)	AmlIncome Plus^(a) %	MBB^(b) %
2023	4.59	2.53
2022	1.56	1.73
2021	0.93	1.50
2020	4.55	2.14
2019	5.03	3.02

(a) Source: Novagni Analytics and Advisory Sdn. Bhd.
 (b) Malayan Banking Berhad 1-Month Fixed Deposit Rate (“MBB”) (Available at www.aminvest.com / www.maybank2u.com.my)

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

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

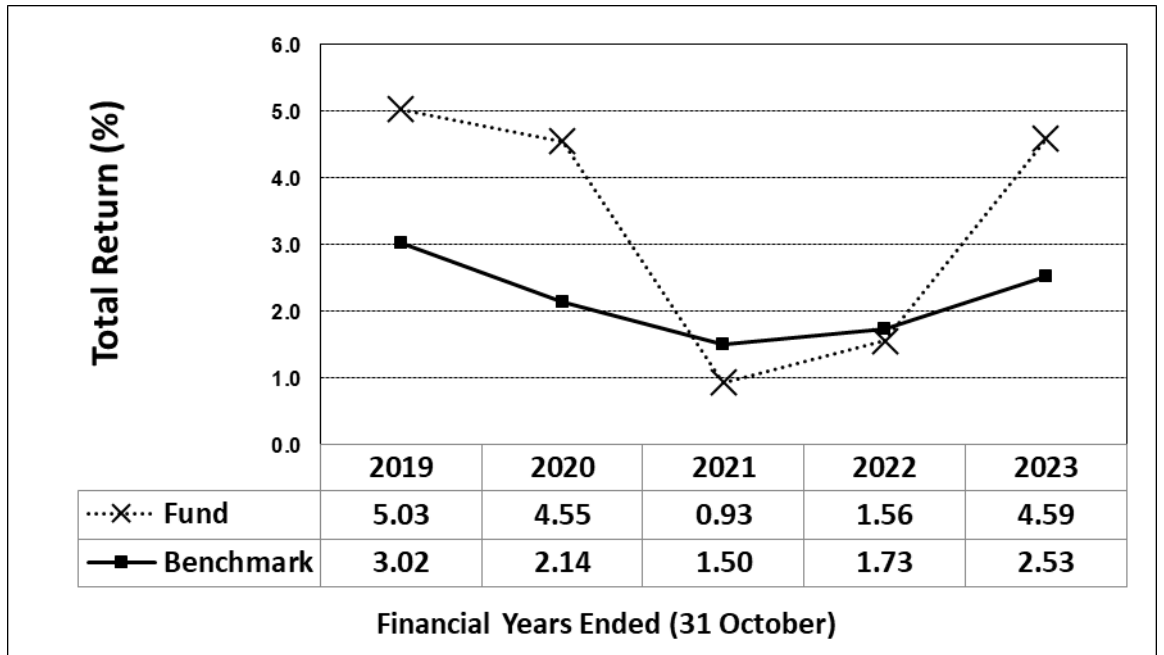
Fund Performance

For the financial period under review, the Fund registered a return of 2.70% which is entirely capital growth in nature.

Thus, the Fund’s return of 2.70% has outperformed the benchmark’s return of 1.25% by 1.45%.

As compared with the financial year ended 31 October 2023, the net asset value (“NAV”) per unit of the Fund increased by 2.70% from RM0.6488 to RM0.6663, while units in circulation decreased by 23.79% from 713,088,343 units to 543,473,285 units.

The following line chart shows comparison between the annual performances of AmlIncome Plus and its benchmark, MBB, for the financial years ended 31 October.



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 seeks to achieve its objective by investing primarily in short to medium-term fixed income instruments with the following minimum credit rating of:

- Short-term credit rating of P2 by RAM; or
- Long-term credit rating of A3 by RAM; or
- its equivalent as rated by a local or global rating agency.

Portfolio Structure	The table below is the asset allocation of the Fund as at 30 April 2024 and 31 October 2023.			
		As at 30.04.2024 %	As at 31.10.2023 %	Changes %
	Corporate bonds	90.37	81.55	8.82
	Malaysian Government Securities	2.55	6.47	-3.92
	Money market deposits and cash equivalents	7.08	11.98	-4.90
	Total	100.00	100.00	
	As at end of the financial period under review, the Fund has 90.37% of its NAV invested in corporate bonds, 2.55% invested in Government securities and the remaining 7.08% of its NAV was 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	There is no income distribution and unit split declared for the financial period under review.			
State of Affairs	There has been neither significant changes to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial period under review.			
Rebates and Soft Commission	During the period, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.			
Market Review	<p>Despite a pull-back in the beginning of the fourth quarter of 2023, local fixed income market ended the year in a positive territory, largely mirrored movement in the United States Treasuries (UST) on the narrative that the Federal Reserve's period of rate tightening may be over and setting the stage for rate cuts to occur in 2024. Over the quarter, the UST curve shifted lower with yields fell by 67 - 80 bps across the 2-year and 30-year tenure. Meanwhile, Malaysian Government Securities (MGS) yields fell by 10 – 25 bps across the curve.</p> <p>Moving towards 2024, Malaysia bond market kicked start the first two months with a sell-off amid profit taking as MGS yields were 3bps to 15bps higher generally across the yield curve after the strong year-end rally and cautious ahead of stronger US economic data and hawkish comments from the Federal Reserve (Fed) members. Domestically, Bank Negara Malaysia (BNM) kept overnight policy rate unchanged at 3.00% on 24 January 2024 meeting, in line with market expectation accompanied by language of the Monetary Policy Committee (MPC) statement remained neutral and depicting current Overnight Policy Rate (OPR) level as supportive.</p> <p>In the month of March, the widely expected pause in BNM's OPR coupled with the lack of markets conviction amid subdued market sentiment in the US, local bond market was traded in a tight 4 - 9bps range. However, Malaysia bond market turned weaker in April following a sell-off in the UST, as sticky inflation and resilient labor market have given more reasons for the US Fed to stand pat on key rates. Thin market liquidity and rising geopolitical risk in the Middle East also dented bond market sentiment with MGS curve repriced higher by 13 - 22 bps month-on-month (MoM).</p>			

Market Outlook	Despite the selloff in the UST market, the local MGS market did not suffer a similar spike in yields. Bonds yields only rose marginally and were relatively supported. This has been attributed to the deep domestic liquidity holdings, particularly from GLICs and institutional investors.
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 distribution policy of the Fund. Notice of the issuance for the Eleventh Supplementary Master Prospectus dated 1 March 2024 was 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 June 2024

AmlIncome Plus

**STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2024**

	Note	30.04.2024 (unaudited) RM	31.10.2023 (audited) RM
ASSETS			
Investments	4	336,523,245	407,209,498
Amount due from Manager	5(a)	3,052,766	165,953
Cash at banks		22,850,404	56,122,566
TOTAL ASSETS		<u>362,426,415</u>	<u>463,498,017</u>
LIABILITIES			
Amount due to Manager	5(b)	254,090	824,338
Amount due to Trustee	6	20,344	27,876
Sundry payables and accruals		14,484	15,302
TOTAL LIABILITIES		<u>288,918</u>	<u>867,516</u>
NET ASSET VALUE (“NAV”) OF THE FUND		<u>362,137,497</u>	<u>462,630,501</u>
EQUITY			
Unit holders’ capital	8(a)	288,989,044	400,134,744
Retained earnings	8(b)(c)	73,148,453	62,495,757
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	8	<u>362,137,497</u>	<u>462,630,501</u>
UNITS IN CIRCULATION	8(a)	<u>543,473,285</u>	<u>713,088,343</u>
NAV PER UNIT (RM)		<u>0.6663</u>	<u>0.6488</u>

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

AmlIncome Plus

STATEMENT OF COMPREHENSIVE INCOME *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024

		01.11.2023 to 30.04.2024	01.11.2022 to 30.04.2023
	Note	RM	RM
INVESTMENT INCOME			
Interest income		8,277,874	8,901,130
Net gains from investments:			
- Financial assets at fair value through profit or loss ("FVTPL")	7	<u>3,945,159</u>	<u>5,195,827</u>
		<u>12,223,033</u>	<u>14,096,957</u>
EXPENDITURE			
Manager's fee	5	(1,427,855)	(1,640,054)
Trustee's fee	6	(133,266)	(153,072)
Audit fee		(4,219)	(4,204)
Tax agent's fee		(2,039)	(2,033)
Other expenses		<u>(2,958)</u>	<u>(3,027)</u>
		<u>(1,570,337)</u>	<u>(1,802,390)</u>
Net income before taxation		10,652,696	12,294,567
Taxation	10	<u>-</u>	<u>-</u>
Net income after taxation, representing total comprehensive income for the financial period		<u>10,652,696</u>	<u>12,294,567</u>
Total comprehensive income comprises the following:			
Realised income		7,788,046	7,448,151
Unrealised gains		<u>2,864,650</u>	<u>4,846,416</u>
		<u>10,652,696</u>	<u>12,294,567</u>
Distribution for the financial period			
Net distribution	11	<u>-</u>	<u>4,931,521</u>
Gross distribution per unit (sen)	11	<u>-</u>	<u>0.75</u>
Net distribution per unit (sen)	11	<u>-</u>	<u>0.75</u>

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

AmlIncome Plus

STATEMENT OF CHANGES IN EQUITY *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 November 2023		400,134,744	62,495,757	462,630,501
Total comprehensive income for the financial period		-	10,652,696	10,652,696
Creation of units	8(a)	96,716,079	-	96,716,079
Cancellation of units	8(a)	<u>(207,861,779)</u>	-	<u>(207,861,779)</u>
Balance at 30 April 2024		<u>288,989,044</u>	<u>73,148,453</u>	<u>362,137,497</u>
At 1 November 2022		411,841,422	50,896,778	462,738,200
Total comprehensive income for the financial period		-	12,294,567	12,294,567
Creation of units		92,993,099	-	92,993,099
Reinvestment of distribution		4,931,521	-	4,931,521
Cancellation of units		(140,202,819)	-	(140,202,819)
Distribution		-	<u>(4,931,521)</u>	<u>(4,931,521)</u>
Balance at 30 April 2023		<u>369,563,223</u>	<u>58,259,824</u>	<u>427,823,047</u>

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

AmlIncome Plus

STATEMENT OF CASH FLOWS (Unaudited) FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024

	01.11.2023 to 30.04.2024 RM	01.11.2022 to 30.04.2023 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	199,126,199	193,342,840
Purchases of investments	(125,485,330)	(143,442,200)
Interest received	9,268,417	11,285,263
Manager's fee paid	(1,512,078)	(1,681,169)
Trustee's fee paid	(140,798)	(156,748)
Payments for other expenses	(10,034)	(10,127)
Net cash generated from operating and investing activities	<u>81,246,376</u>	<u>59,337,859</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	93,829,266	92,984,024
Payments for cancellation of units	(208,347,804)	(142,188,731)
Net cash used in financing activities	<u>(114,518,538)</u>	<u>(49,204,707)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(33,272,162)	10,133,152
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>56,122,566</u>	<u>70,387,208</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>22,850,404</u>	<u>80,520,360</u>
Cash and cash equivalents comprise:		
Cash at banks	<u>22,850,404</u>	<u>80,520,360</u>

AmlIncome Plus

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024

1. GENERAL INFORMATION

AmlIncome Plus (the “Fund”) was established pursuant to a Deed dated 30 October 2001 as amended by Deeds supplemental thereto (the “Deeds”), between AmFunds Management Berhad as the Manager, AmanahRaya Trustees Berhad as the Trustee and all unit holders.

The Fund is a short to medium-term fixed income fund which aims to provide investors with enhanced returns. As provided in the Deeds, the financial year shall end on 31 October and the units in the Fund were first offered for sale on 26 November 2001. Subsequently, the Fund was re-launched on 17 June 2004.

The financial statements were authorised for issue by the Manager on 18 June 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 and amendments to 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024**

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

Standards issued but not yet effective

The 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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024**

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

3.1 Income recognition (cont'd.)

(i) Interest income (cont'd.)

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

(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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024**

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

3.5 Distribution

Distribution is 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.

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 NOVEMBER 2023 TO 30 APRIL 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 NOVEMBER 2023 TO 30 APRIL 2024**

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

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

Classification and measurement (cont'd.)

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

Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets include in this category are deposits with licensed financial 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 NOVEMBER 2023 TO 30 APRIL 2024**

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

3.10 Financial liabilities – classification and subsequent measurement

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

3.11 Derecognition of financial instruments

(i) Derecognition of financial asset

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

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

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

(ii) Derecognition of financial liability

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024**

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

3.12 Financial instruments – expected credit losses (“ECL”) (cont'd.)

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

3.13 Determination of fair value

For investments in 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024**

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

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

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

4. INVESTMENTS

	30.04.2024	31.10.2023
	RM	RM
Financial assets at FVTPL		
At nominal value:		
Corporate bonds	317,750,000	371,370,000
Malaysian Government Securities	10,000,000	30,000,000
	<u>327,750,000</u>	<u>401,370,000</u>
At fair value:		
Corporate bonds	327,276,739	377,266,639
Malaysian Government Securities	9,246,506	29,942,859
	<u>336,523,245</u>	<u>407,209,498</u>

4. INVESTMENTS (CONT'D.)

Details of investments as at 30 April 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					
28.06.2024	CIMB Group Holdings Berhad	5,000,000	5,091,162	5,083,562	1.41
13.09.2024	Tanjung Bin Energy Sdn. Bhd.	10,000,000	10,093,699	10,150,467	2.79

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024

4. INVESTMENTS (CONT'D.)

Details of investments as at 30 April 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.)					
29.11.2024	ANIH Berhad	5,000,000	5,143,684	5,189,077	1.42
12.12.2024	DRB-Hicom Berhad	3,500,000	3,574,888	3,561,518	0.99
20.12.2024	MBSB Bank Berhad	10,000,000	10,233,014	10,184,855	2.83
04.07.2025	Kapar Energy Ventures Sdn. Bhd.	8,300,000	8,523,608	8,574,500	2.35
05.09.2025	Fortune Premiere Sdn. Bhd.	11,900,000	12,149,776	12,238,093	3.35
12.11.2025	MMC Corporation Berhad	5,000,000	5,272,974	5,272,632	1.46
05.01.2026	Edra Energy Sdn. Bhd.	5,000,000	5,251,860	5,250,690	1.45
24.03.2026	SIME Darby Berhad	10,000,000	10,361,974	10,319,179	2.86
19.06.2026	UEM Sunrise Berhad	20,000,000	20,902,551	20,389,151	5.77
23.06.2026	S P Setia Berhad	5,000,000	5,118,758	5,074,808	1.41
03.07.2026	AEON Co. (M) Bhd.	15,000,000	15,329,842	15,253,157	4.23
10.07.2026	Perbadanan Kemajuan Negeri Selangor	10,000,000	10,286,683	10,146,983	2.84
28.08.2026	Mercedes-Benz Services Malaysia Sdn. Bhd.	5,000,000	5,042,248	5,053,672	1.39

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024

4. INVESTMENTS (CONT'D.)

Details of investments as at 30 April 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.)					
28.08.2026	MTT Shipping Sdn. Bhd.	21,350,000	21,665,336	21,538,945	5.98
12.11.2026	Bank Islam Malaysia Berhad	10,000,000	10,160,936	10,135,997	2.81
11.12.2026	Exsim Capital Resources Berhad	10,000,000	10,298,994	10,239,159	2.84
15.02.2027	Bank Simpanan Nasional Berhad	5,000,000	5,034,362	5,039,562	1.39
26.02.2027	Malaysian Resources Corporation Berhad	5,000,000	5,148,744	5,049,020	1.42
15.04.2027	MBSB Bank Berhad	5,000,000	5,027,856	5,009,556	1.39
18.06.2027	Pelabuhan Tanjung Pelepas Sdn. Bhd.	5,000,000	5,072,698	5,080,579	1.40
18.06.2027	UEM Sunrise Berhad	5,000,000	5,302,745	5,300,199	1.46
05.07.2027	Edra Energy Sdn. Bhd.	5,000,000	5,382,453	5,389,815	1.49
20.07.2027	Bank Muamalat Malaysia Berhad	10,000,000	10,371,628	10,146,429	2.86
03.09.2027	YTL Power International Berhad	4,500,000	4,692,223	4,552,873	1.29

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024**

4. INVESTMENTS (CONT'D.)

Details of investments as at 30 April 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.)					
02.12.2027	CIMB Group Holdings Berhad	7,000,000	7,376,508	7,326,256	2.04
24.03.2028	MMC Corporation Berhad	5,000,000	5,314,360	5,333,994	1.47
20.04.2028	UMW Holdings Berhad	3,000,000	3,213,437	3,235,107	0.89
28.04.2028	OSK Rated Bond Sdn. Bhd.	5,000,000	5,076,451	5,092,250	1.40
03.05.2028	UDA Holdings Berhad	5,000,000	5,176,081	5,132,785	1.43
05.05.2028	GENM Capital Berhad	5,000,000	5,208,630	5,122,930	1.44
10.10.2028	Affin Islamic Bank Berhad	10,000,000	10,172,668	10,026,768	2.81
13.10.2028	Affin Islamic Bank Berhad	5,000,000	5,075,242	5,010,242	1.40
26.10.2028	SMJ Sdn. Bhd.	5,000,000	5,070,147	5,002,897	1.40
22.03.2029	MNRB Holdings Berhad	5,000,000	5,047,338	5,024,438	1.39
27.03.2029	CIMB Islamic Bank Berhad	5,000,000	4,996,057	5,018,507	1.38
06.04.2029	MMC Port Holdings Sdn. Bhd.	3,200,000	3,285,525	3,209,397	0.91
20.04.2029	S P Setia Berhad	2,000,000	2,057,563	2,013,208	0.57

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024

4. INVESTMENTS (CONT'D.)

Details of investments as at 30 April 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.)					
29.06.2029	PONSB Capital Berhad	2,500,000	2,686,924	2,582,309	0.74
07.09.2029	EDOTCO Malaysia Sdn. Bhd.	10,000,000	10,265,238	10,301,698	2.83
30.11.2029	MMC Corporation Berhad	3,000,000	3,251,297	3,074,946	0.90
11.01.2030	Projek Lebuhraya Usahasama Berhad	10,000,000	10,449,988	10,254,363	2.89
29.03.2030	TNB Power Generation Sdn. Bhd.	2,500,000	2,555,344	2,509,719	0.71
26.04.2030	DRB-Hicom Berhad	5,000,000	5,203,626	5,016,472	1.44
03.05.2030	GENM Capital Berhad	5,000,000	5,259,619	5,129,719	1.45
Total corporate bonds		317,750,000	327,276,739	324,642,483	90.37
Malaysian Government Securities					
15.04.2031	Government of Malaysia	10,000,000	9,246,506	9,309,709	2.55
Total Malaysian Government Securities		10,000,000	9,246,506	9,309,709	2.55
Total financial assets at FVTPL		327,750,000	336,523,245	333,952,192	92.92
Excess of fair value over adjusted cost			2,571,053		

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024

5. AMOUNT DUE FROM/TO MANAGER

	Note	30.04.2024 RM	31.10.2023 RM
(a) Due from Manager			
Creation of units	(i)	<u>3,052,766</u>	<u>165,953</u>
(b) Due to Manager			
Cancellation of units	(ii)	-	486,025
Manager's fee payable	(iii)	<u>254,090</u>	<u>338,313</u>
		<u>254,090</u>	<u>824,338</u>

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

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

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

(iii) Manager's fee is at a rate of 0.75% (31.10.2023: 0.75%) 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.

6. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.07% (31.10.2023: 0.07%) per annum on the NAV of the Fund, calculated on a daily basis.

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

7. NET GAINS FROM INVESTMENTS

	01.11.2023 to 30.04.2024 RM	01.11.2022 to 30.04.2023 RM
Net gains on financial assets at FVTPL comprised:		
- Net realised gains on sale of investments	1,080,509	349,411
- Net unrealised gains on changes in fair value of investments	<u>2,864,650</u>	<u>4,846,416</u>
	<u>3,945,159</u>	<u>5,195,827</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024

8. TOTAL EQUITY

Total equity is represented by:

	Note	30.04.2024 RM	31.10.2023 RM
Unit holders' capital	(a)	288,989,044	400,134,744
Retained earnings			
– Realised income	(b)	70,577,400	62,789,354
– Unrealised gain/(loss)	(c)	2,571,053	(293,597)
		<u>362,137,497</u>	<u>462,630,501</u>

(a) Unit holders' capital/units in circulation

	30.04.2024		31.10.2023	
	Number of units	RM	Number of units	RM
At beginning of the financial period/year	713,088,343	400,134,744	731,103,051	411,841,422
Creation during the financial period/year	146,379,206	96,716,079	299,482,924	192,946,798
Reinvestment of distribution	-	-	13,734,978	8,856,670
Cancellation during the financial period/year	<u>(315,994,264)</u>	<u>(207,861,779)</u>	<u>(331,232,610)</u>	<u>(213,510,146)</u>
At end of the financial period/year	<u>543,473,285</u>	<u>288,989,044</u>	<u>713,088,343</u>	<u>400,134,744</u>

(b) Realised – distributable

	30.04.2024 RM	31.10.2023 RM
At beginning of the financial period/year	62,789,354	54,944,182
Net realised income for the financial period/year	7,788,046	16,701,842
Distribution out of realised income	-	<u>(8,856,670)</u>
At end of the financial period/year	<u>70,577,400</u>	<u>62,789,354</u>

(c) Unrealised – non-distributable

	30.04.2024 RM	31.10.2023 RM
At beginning of the financial period/year	(293,597)	(4,047,404)
Net unrealised gains for the financial period/year	2,864,650	3,753,807
At end of the financial period/year	<u>2,571,053</u>	<u>(293,597)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024

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

There are no units held by the Manager or any other related party as at 30 April 2024 and 30 October 2023.

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

	01.11.2023 to 30.04.2024 RM	01.11.2022 to 30.04.2023 RM
(i) Significant related party transactions		
<u>AmBank (M) Berhad</u>		
Interest income	618,198	838,466
	30.04.2024 RM	31.10.2023 RM
(ii) Significant related party balances		
<u>AmBank (M) Berhad</u>		
Cash at banks	22,850,403	56,122,566

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024

10. TAXATION (CONT'D.)

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:

	01.11.2023 to 30.04.2024 RM	01.11.2022 to 30.04.2023 RM
Net income before taxation	<u>10,652,696</u>	<u>12,294,567</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	2,556,647	2,950,696
Tax effects of:		
Income not subject to tax	(2,933,528)	(3,383,270)
Restriction on tax deductible expenses for unit trust fund	309,328	355,160
Non-permitted expenses for tax purposes	33,183	37,952
Permitted expenses not used and not available for future financial periods	<u>34,370</u>	<u>39,462</u>
Tax expense for the financial period	<u>-</u>	<u>-</u>

11. DISTRIBUTION

No distribution has been declared to unit holder during the current financial period.

Details of distributions to unit holders for the previous financial period is as follows:

	01.11.2022 to 30.04.2023 RM
Gross distribution per unit (sen)	<u>0.75</u>
Net distribution per unit (sen)	<u>0.75</u>

Financial period ended 30 April 2023

Distribution Ex-date	Gross distribution per unit RM (sen)	Net distribution per unit RM (sen)	Total distribution RM
25 April 2023	<u>0.75</u>	<u>0.75</u>	<u>4,931,521</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024

11. DISTRIBUTION (CONT'D.)

	01.11.2023 to 30.04.2024 RM	01.11.2022 to 30.04.2023 RM
Total amount available for distribution	<u>70,577,400</u>	<u>57,460,812</u>

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.

12. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	01.11.2023 to 30.04.2024 % p.a.	01.11.2022 to 30.04.2023 % p.a.
Manager’s fee	0.37	0.38
Trustee’s fee	0.04	0.03
Fund’s other expenses	-*	-*
Total TER	<u>0.41</u>	<u>0.41</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.

13. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investments to the average NAV of the Fund calculated on a daily basis, is 0.43 times (01.11.2022 to 30.04.2023: 0.39 times).

14. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024**

15. TRANSACTIONS WITH BROKERS

Details of transactions with brokers for the financial period ended 30 April 2024 are as follows:

	Transaction value	
	RM	%
RHB Investment Bank Berhad	93,046,843	28.59
Hong Leong Investment Bank Berhad	55,711,213	17.12
CIMB Bank Berhad	34,918,278	10.73
Hong Leong Bank Berhad	41,341,314	12.70
JP Morgan Securities (M) Sdn. Bhd.	29,591,615	9.09
Hong Leong Islamic Bank Berhad	20,460,716	6.29
Standard Chartered Bank Malaysia Berhad	20,254,608	6.22
Merrill Lynch Int. Ltd. (London)	10,130,073	3.11
Malayan Banking Berhad	10,000,000	3.07
United Overseas Bank (Malaysia) Bhd.	5,027,993	1.54
Others*	5,000,000	1.54
Total	<u>325,482,653</u>	<u>100.00</u>

* Included in the category of others are transactions amounting to RM5,000,000 with a related party, AmBank Islamic Berhad.

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

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

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks that include market risk, credit risk, liquidity risk, single issuer risk, regulatory risk, country 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.

(a) Market risk

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024**

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

(a) Market risk (cont'd.)

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 a licensed financial institution 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 is 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.

Cash at banks are held for liquidity purposes and are not exposed to significant credit risk.

(c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial 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. 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 cash at banks, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

(d) Single issuer risk

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2023 TO 30 APRIL 2024**

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

(e) Regulatory risk

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

(f) Management risk

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

(g) Non-compliance risk

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

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STATEMENT BY THE MANAGER

I, Goh Wee Peng, being the Director of and on behalf of the Board of Directors of AmFunds Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards 134: *Interim Financial Reporting* (“MFRS 134”) so as to give a true and fair view of the financial position of AmIncome Plus (the “Fund”) as at 30 April 2024 and of 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 June 2024

TRUSTEE'S REPORT

To the unit holders of **AMINCOME PLUS** ("Fund")

We have acted as Trustee of the Fund for the financial period ended 30 April 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.

For **AMANAHRAYA TRUSTEES BERHAD**

ZAINUDIN BIN SUHAIMI
Chief Executive Officer
Date: 12 June 2024

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.)*

