

Annual Report for

AmIncome Premium

30 September 2023



AmInvest

Growing Your Investments in a Changing World

TRUST DIRECTORY

Manager

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

Board of Directors

Jeyaratnam A/L Tamotharam Pillai
Tai Terk Lin
Ng Chih Kaye
Jas Bir Kaur A/P Lol Singh
Goh Wee Peng

Investment Committee

Jas Bir Kaur A/P Lol Singh
Tracy Chen Wee Keng
Goh Wee Peng

Trustee

HSBC (Malaysia) Trustee Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

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MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of AmlIncome Premium ("Fund") for the financial year ended 30 September 2023.

Salient Information of the Fund

Name	AmlIncome Premium ("Fund")																																					
Category/ Type	Wholesale Fixed Income / Income																																					
Objective	<p>To obtain consistent and stable growth and to achieve better yield enhancement from the portfolio over the prevailing 12 months fixed deposit rate.</p> <p><i>Note: Any material change to the Fund's investment objective would require Unit Holders' approval.</i></p>																																					
Duration	<p>The Fund was established on 19 September 2006 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.</p>																																					
Performance Benchmark	<p>Quantshop Short Term MGS Index ("SMGS"). (Available at www.aminvest.com)</p> <p><i>Note: The performance benchmark is only a measurement of the Fund's performance and there is no guarantee that the Fund will achieve the performance benchmark in any particular year.</i></p>																																					
Income Distribution Policy	<p>Income distribution (if any) is incidental and at the discretion of the Manager.</p> <p><i>Note: The income could be in the form of units or cash.</i></p>																																					
Breakdown of Unit Holdings by Size	<p>For the financial year under review, the size of the Fund stood at 435,403,440 units.</p> <table border="1"> <thead> <tr> <th rowspan="2">Size of holding</th> <th colspan="2">As at 30 September 2023</th> <th colspan="2">As at 30 September 2022</th> </tr> <tr> <th>No of units held</th> <th>Number of unitholders</th> <th>No of units held</th> <th>Number of unitholders</th> </tr> </thead> <tbody> <tr> <td>5,000 and below</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>5,001-10,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>10,001-50,000</td> <td>40,911</td> <td>1</td> <td>40,032</td> <td>1</td> </tr> <tr> <td>50,001-500,000</td> <td>208,812</td> <td>1</td> <td>-</td> <td>-</td> </tr> <tr> <td>500,001 and above</td> <td>435,153,717</td> <td>11</td> <td>528,697,008</td> <td>13</td> </tr> </tbody> </table>				Size of holding	As at 30 September 2023		As at 30 September 2022		No of units held	Number of unitholders	No of units held	Number of unitholders	5,000 and below	-	-	-	-	5,001-10,000	-	-	-	-	10,001-50,000	40,911	1	40,032	1	50,001-500,000	208,812	1	-	-	500,001 and above	435,153,717	11	528,697,008	13
Size of holding	As at 30 September 2023		As at 30 September 2022																																			
	No of units held	Number of unitholders	No of units held	Number of unitholders																																		
5,000 and below	-	-	-	-																																		
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500,001 and above	435,153,717	11	528,697,008	13																																		

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 30 September are as follows:		
	As at 30 September		
	2023 %	2022 %	2021 %
Cagamas bond	10.68	8.54	-
Government Investment Issues	2.41	1.95	-
Malaysian Government Securities	57.42	46.31	-
Money market deposits and cash equivalents	29.49	43.20	100.00
Total	100.00	100.00	100.00
	<i>Note: The abovementioned percentages are calculated based on total net asset value.</i>		
Performance Details	Performance details of the Fund for the financial years ended 30 September are as follows:		
	FYE 2023	FYE 2022	FYE 2021
Net asset value (RM)*	422,808,885	522,584,091	545,224,196
Units in circulation*	435,403,440	528,737,040	546,895,276
Net asset value per unit (RM)*	0.9711	0.9884	0.9969
Highest net asset value per unit (RM)*	1.0019	1.0016	1.0021
Lowest net asset value per unit (RM)*	0.9615	0.9873	0.9969
Benchmark performance (%)	3.95	0.45	1.79
Total return (%) ⁽¹⁾	-0.25	1.43	1.87
- Capital growth (%)	-1.79	-0.84	-0.03
- Income distributions (%)	1.54	2.27	1.90
Gross distributions (sen per unit)	1.52	2.26	1.89
Net distributions (sen per unit)	1.52	2.26	1.89
Total expense ratio (%) ⁽²⁾	0.17	0.15	0.17
Portfolio turnover ratio (times) ⁽³⁾	-	0.28	0.01
	* Above prices and net asset value per unit are shown as ex-distribution.		
	<i>Note:</i>		
	(1) Total return is the actual return of the Fund for the respective financial years computed based on the net asset value per unit and net of all fees.		
	(2) Total expense ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis. The TER increased by 0.02% as compared to 0.15% per annum for the financial year ended 30 September 2022 mainly due to decrease in average fund size.		
	(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. The decrease in the PTR for 2023 and increase in 2022 were due mainly to investing activities.		

Average Total Return (as at 30 September 2023)

	AmlIncome Premium^(a) %	SMGS^(b) %
One year	-0.25	3.95
Three years	1.01	2.05
Five years	1.89	3.22
Ten years	2.64	3.40

Annual Total Return

Financial Years Ended (30 September)	AmlIncome Premium^(a) %	SMGS^(b) %
2023	-0.25	3.95
2022	1.43	0.45
2021	1.87	1.79
2020	2.79	5.40
2019	3.68	4.58

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

(b) Quantshop Short Term MGS Index ("SMGS").
(Available at www.aminvest.com).

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

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

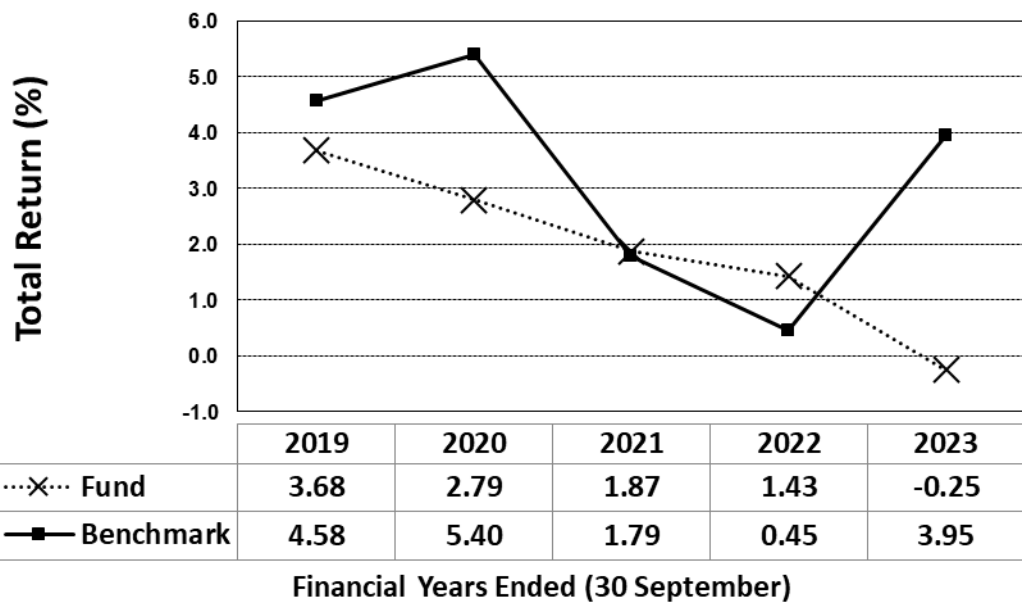
Fund Performance

For the financial year under review, the Fund registered a negative return of 0.25% comprising of negative 1.79% capital and 1.54% income distributions.

Thus, the Fund's negative return of 0.25% has underperformed the benchmark's return of 3.95% by 4.20%.

As compared with the financial year ended 30 September 2022, the net asset value ("NAV") per unit of the Fund decreased by 1.75% from RM0.9884 to RM0.9711, while units in circulation decreased by 17.65% from 528,737,040 units to 435,403,440 units.

The following line chart shows comparison between the annual performances of AmlIncome Premium and its benchmark, SMGS, for the financial years ended 30 September.



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

Has the Fund achieved its objective?

For the financial year under review, the Fund has achieved its objective of providing investors with consistent and stable growth by investing in money market and other fixed income instruments.

Strategies and Policies Employed

The Fund will invest up to 100% of its NAV in fixed income securities and money market instruments with no limit imposed for investment in any single issuer/ counterparty (i.e. 100% of the NAV may be invested in a single issuer/ counterparty). There is no minimum rating for a security purchased or held.

Portfolio Structure

The table below is the asset allocation of the Fund as at 30 September 2023 and 30 September 2022.

	As at 30.09.2023 %	As at 30.09.2022 %	Changes %
Cagamas bond	10.68	8.54	2.14
Government Investment Issues	2.41	1.95	0.46
Malaysian Government Securities	57.42	46.31	11.11
Money market deposits and cash equivalents	29.49	43.20	-13.71
Total	100.00	100.00	

As at end-September 2023, the Fund invested 57.42% in Malaysian government securities, 10.68% in cagamas bond, 2.41% in government investment issues and remaining 29.49% in money market deposits and cash equivalent.

Cross Trade

There were no cross trades undertaken during the financial year under review.

Distribution/ Unit splits	<p>During the financial year under review, the Fund declared income distributions, detailed as follows:</p> <table border="1" data-bbox="336 253 1458 427"> <thead> <tr> <th data-bbox="336 253 560 353">Date of distributions</th> <th data-bbox="568 253 890 353">Distributions per unit RM (sen)</th> <th data-bbox="898 253 1193 353">NAV per unit Cum-Distributions (RM)</th> <th data-bbox="1201 253 1458 353">NAV per unit Ex-Distributions (RM)</th> </tr> </thead> <tbody> <tr> <td data-bbox="336 356 560 389">30-Dec-22</td> <td data-bbox="568 356 890 389">0.72</td> <td data-bbox="898 356 1193 389">0.9969</td> <td data-bbox="1201 356 1458 389">0.9897</td> </tr> <tr> <td data-bbox="336 392 560 427">31-Mar-23</td> <td data-bbox="568 392 890 427">0.80</td> <td data-bbox="898 392 1193 427">1.0020</td> <td data-bbox="1201 392 1458 427">0.9940</td> </tr> </tbody> </table> <p>There is no unit split declared for the financial year under review.</p>	Date of distributions	Distributions per unit RM (sen)	NAV per unit Cum-Distributions (RM)	NAV per unit Ex-Distributions (RM)	30-Dec-22	0.72	0.9969	0.9897	31-Mar-23	0.80	1.0020	0.9940
Date of distributions	Distributions per unit RM (sen)	NAV per unit Cum-Distributions (RM)	NAV per unit Ex-Distributions (RM)										
30-Dec-22	0.72	0.9969	0.9897										
31-Mar-23	0.80	1.0020	0.9940										
State of Affairs	<p>There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial year under review.</p>												
Rebates and Soft Commission	<p>During the year, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.</p>												
Market Review	<p>During the fund's financial year under review, Malaysian bond market rallied and outperformed the United States Treasuries (UST), underpinned by policy divergence between Bank Negara Malaysia (BNM) and the United States (US) Federal Reserve. The US Federal Reserve hiked a total of 225bps during the fund's financial year and continued to maintain a hawkish tone in its September 2023 Federal Open Market Committee (FOMC). This compares to BNM which raised Overnight Policy rate (OPR) only by a cumulative 50bps with Monetary Policy Committee (MPC) statement indicating a neutral stance since its July 2023 meeting. The slowing domestic Gross Domestic Product (GDP) and falling inflation data further supported market expectation that BNM is approaching the end of the current rate hike cycle. The generally improved local market sentiment prompted investors to reenter the bond market after remaining on the sidelines for most part of 2022. Overall, Malaysian Government Securities (MGS) curve bull flattened with yields shifting 19 to 55bps lower during the fund's financial year under review. Meanwhile, the United States Treasuries (UST) yields shifted 76 to 92bps higher during the same period.</p>												
Market Outlook	<p>Economic growth for the foreseeable future may face challenges from a weakening external front, especially from China. On the other hand, inflation is expected to stay below 3.0% for the rest of the year as the trend of disinflation continues. From the recent lower Gross Domestic Product (GDP) and Consumer Price Index (CPI) readings, it is likely that Bank Negara Malaysia (BNM) will be on an extended pause for the rest of the year. Despite the United States (US) Federal Reserve being seemingly still hawkish, the interest rate hiking trend in the US may be at its final stages.</p> <p>We maintain our strategy of being neutral to slight overweight on duration. The yield curve has steepened in recent weeks and may see some easing in the later months. We continue to overweight corporate bonds over government bonds as corporate credit spreads are still deemed attractive amidst low government bond yields. Recent primary issuances have seen overwhelming demand showing sustained investor demand and ample market liquidity.</p>												

Kuala Lumpur, Malaysia
AmFunds Management Berhad

20 November 2023

Independent auditors' report to the unit holders of AmlIncome Premium

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AmlIncome Premium (“the Fund”), which comprise the statement of financial position as at 30 September 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 37.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 September 2023, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors’ report thereon

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

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

**Independent auditors' report to the unit holders of
AmlIncome Premium (cont'd.)**

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

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

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

Responsibilities of the Manager and the Trustees for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

**Independent auditors' report to the unit holders of
AmlIncome Premium (cont'd.)**

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

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

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

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

**Independent auditors' report to the unit holders of
AmlIncome Premium (cont'd.)**

Other matters

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

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

Ng Sue Ean
No. 03276/07/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
20 November 2023

AmlIncome Premium

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	Note	2023 RM	2022 RM
ASSETS			
Investments	4	298,135,328	296,818,270
Deposits with licensed financial institutions	5	141,032,283	229,223,706
Cash at banks		11,541	11,249
TOTAL ASSETS		<u>439,179,152</u>	<u>526,053,225</u>
LIABILITIES			
Amount due to Manager	6	53,445	60,573
Amount due to Trustee	7	12,057	14,887
Distribution payable		-	3,383,917
Tax payable		16,295,096	-
Sundry payables and accruals		9,669	9,757
TOTAL LIABILITIES		<u>16,370,267</u>	<u>3,469,134</u>
NET ASSET VALUE (“NAV”) OF THE FUND		<u>422,808,885</u>	<u>522,584,091</u>
EQUITY			
Unit holders’ capital	9(a)	430,932,588	524,038,461
Accumulated losses	9(b)(c)	<u>(8,123,703)</u>	<u>(1,454,370)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	9	<u>422,808,885</u>	<u>522,584,091</u>
UNITS IN CIRCULATION	9(a)	<u>435,403,440</u>	<u>528,737,040</u>
NAV PER UNIT (RM) - EX-DISTRIBUTION		<u>0.9711</u>	<u>0.9884</u>

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

AmlIncome Premium

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 RM	2022 RM
INVESTMENT INCOME			
Interest income		14,397,723	13,416,885
Net gain/(loss) from investments:			
- Financial assets at fair value through profit or loss ("FVTPL")	8	<u>3,335,563</u>	<u>(4,758,463)</u>
		<u>17,733,286</u>	<u>8,658,422</u>
EXPENDITURE			
Manager's fee	6	(617,569)	(663,624)
Trustee's fee	7	(159,529)	(180,604)
Audit fee		(6,000)	(6,000)
Tax agent's fee		(3,300)	(3,300)
Other expenses		<u>(1,682)</u>	<u>(1,938)</u>
		<u>(788,080)</u>	<u>(855,466)</u>
Net income before taxation		16,945,206	7,802,956
Taxation	11	<u>(16,295,096)</u>	<u>-</u>
Net income after taxation, representing total comprehensive income for the financial year		<u>650,110</u>	<u>7,802,956</u>
Total comprehensive income comprises the following:			
Realised (loss)/income		(2,685,453)	12,561,419
Unrealised gain/(loss)		<u>3,335,563</u>	<u>(4,758,463)</u>
		<u>650,110</u>	<u>7,802,956</u>
Distributions for the financial year			
Net distributions	12	<u>7,319,443</u>	<u>12,489,599</u>
Gross distributions per unit (sen)	12	<u>1.52</u>	<u>2.26</u>
Net distributions per unit (sen)	12	<u>1.52</u>	<u>2.26</u>

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

AmlIncome Premium

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

	Note	Unit holders' capital RM	(Accumulated losses)/ Retained earnings RM	Total equity RM
At 1 October 2022		524,038,461	(1,454,370)	522,584,091
Total comprehensive income for the financial year		-	650,110	650,110
Creation of units	9(a)	25,297,000	-	25,297,000
Reinvestment of distributions	9(a)	10,703,360	-	10,703,360
Cancellation of units	9(a)	(129,106,233)	-	(129,106,233)
Distributions	12	-	(7,319,443)	(7,319,443)
Balance at 30 September 2023		<u>430,932,588</u>	<u>(8,123,703)</u>	<u>422,808,885</u>
At 1 October 2021		541,991,923	3,232,273	545,224,196
Total comprehensive income for the financial year		-	7,802,956	7,802,956
Creation of units	9(a)	14,200,000	-	14,200,000
Reinvestment of distributions	9(a)	11,949,538	-	11,949,538
Cancellation of units	9(a)	(44,103,000)	-	(44,103,000)
Distributions	12	-	(12,489,599)	(12,489,599)
Balance at 30 September 2022		<u>524,038,461</u>	<u>(1,454,370)</u>	<u>522,584,091</u>

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

AmlIncome Premium

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 RM	2022 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from maturity of deposits		-	357,100,000
Placement of investments		(30,000,000)	(350,217,000)
Interest received		15,406,749	13,205,279
Manager's fee paid		(624,697)	(666,063)
Trustee's fee paid		(162,360)	(180,965)
Tax agent's fee paid		(3,300)	(3,300)
Payments for other expenses		(7,769)	(7,583)
Net cash (used in)/generated from operating and investing activities		<u>(15,391,377)</u>	<u>19,230,368</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		25,297,000	14,200,000
Payments for cancellation of units		<u>(129,106,233)</u>	<u>(44,103,000)</u>
Net cash used in financing activities		<u>(103,809,233)</u>	<u>(29,903,000)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(119,200,610)	(10,672,632)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>229,234,955</u>	<u>239,907,587</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		<u>110,034,345</u>	<u>229,234,955</u>
Cash and cash equivalents comprise:			
Short-term deposits with licensed financial institutions	5	110,022,804	229,223,706
Cash at banks		<u>11,541</u>	<u>11,249</u>
		<u>110,034,345</u>	<u>229,234,955</u>

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

AmlIncome Premium

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

1. GENERAL INFORMATION

AmlIncome Premium (“the Fund”) was established pursuant to a Deed dated 21 July 2006 as amended by Deeds supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, HSBC (Malaysia) Trustee Berhad as the Trustee and the unit holders.

The Fund was set up with the objective of providing investors a consistent and stable growth and to achieve a better yield enhancement from the portfolio over the prevailing 12-months fixed deposit rate. As provided in the Deed, the financial year shall end on 30 September and the units in the Fund were first offered for sale on 19 September 2006.

The financial statements were authorised for issue by the Manager on 20 November 2023.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Standards effective during the financial year

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

Standards issued but not yet effective

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

Description	Effective for financial periods beginning on or after
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:</i> <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements:</i> <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting policies, Changes in Accounting</i> <i>Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes: Deferred Tax related to</i> <i>Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Leases: Lease Liability in a Sale and</i> <i>Leaseback*</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements:</i> <i>Non-Current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 <i>Statement of Cash Flows and MFRS 7</i> <i>Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution</i> <i>of Assets between an Investor and its Associate or Joint Venture*</i>	Deferred

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Income recognition

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023**

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

3.1 Income recognition (cont'd.)

(i) Interest income

For all interest-bearing financial assets, interest income is calculated using the effective interest method. Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

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

(ii) Gain or loss on disposal of investments

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

3.2 Income tax

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

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

3.3 Functional and presentation currency

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

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 YEAR ENDED 30 SEPTEMBER 2023**

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

3.5 Distribution

Distributions are at the discretion of the Manager. A distribution to the Fund's unit holders is accounted for as a deduction from the retained earnings and realised income. Realised income is the income earned from interest income 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 YEAR ENDED 30 SEPTEMBER 2023**

3. SUMMARY OF SIGNIFICANT 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 YEAR ENDED 30 SEPTEMBER 2023**

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

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

Classification and measurement (cont'd.)

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

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 deposit with a licensed financial institution, cash at banks, dividend/distribution receivables, amount due from Target Fund Manager, amount due from brokers/financial institutions, amount due from Manager 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 YEAR ENDED 30 SEPTEMBER 2023**

3. SUMMARY OF SIGNIFICANT 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 YEAR ENDED 30 SEPTEMBER 2023**

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

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.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

4. INVESTMENTS

	2023 RM	2022 RM
Financial assets at FVTPL		
At nominal value:		
Cagamas bond	45,000,000	45,000,000
Government Investment Issues	10,000,000	10,000,000
Malaysian Government Securities	<u>240,000,000</u>	<u>240,000,000</u>
	<u>295,000,000</u>	<u>295,000,000</u>
At fair value:		
Cagamas bond	45,143,544	44,646,886
Government Investment Issues	10,193,869	10,165,469
Malaysian Government Securities	<u>242,797,915</u>	<u>242,005,915</u>
	<u>298,135,328</u>	<u>296,818,270</u>

Details of investments as at 30 September 2023 are as follows:

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Cagamas bond						
10.12.2024	Cagamas Berhad	AAA	<u>45,000,000</u>	<u>45,143,544</u>	<u>45,432,444</u>	<u>10.68</u>
Government Investment Issues						
15.10.2024	Government of Malaysia	NR*	<u>10,000,000</u>	<u>10,193,869</u>	<u>10,255,503</u>	<u>2.41</u>
Malaysian Government Securities						
14.06.2024	Government of Malaysia	NR*	<u>240,000,000</u>	<u>242,797,915</u>	<u>243,870,281</u>	<u>57.42</u>
Total financial assets at FVTPL				<u>298,135,328</u>	<u>299,558,228</u>	<u>70.51</u>
Shortfall of fair value over adjusted cost				<u>(1,422,900)</u>		

* Non-rated

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

4. INVESTMENTS (CONT'D.)

The weighted average effective yield on investment are as follows:

	Effective yield	
	2023	2022
	%	%
Cagamas bond	3.71	4.00
Government Investment Issues	3.41	3.67
Malaysian Government Securities	3.28	3.60
	<u>3.28</u>	<u>3.60</u>

Analysis of the remaining maturity of investments as at 30 September 2023 are as follows:

	Less than	1 year to
	1 year	5 years
	RM	RM
2023		
At nominal value:		
Cagamas bond	-	45,000,000
Government Investment Issues	-	10,000,000
Malaysian Government Securities	240,000,000	-
	<u>240,000,000</u>	<u>-</u>
2022		
At nominal value:		
Cagamas bond	-	45,000,000
Government Investment Issues	-	10,000,000
Malaysian Government Securities	-	240,000,000
	<u>-</u>	<u>240,000,000</u>

5. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	2023	2022
	RM	RM
At nominal value:		
Short-term deposits	109,904,000	228,912,000
Fixed deposits	30,000,000	-
	<u>139,904,000</u>	<u>228,912,000</u>
At carrying value:		
Short-term deposits	110,022,804	229,223,706
Fixed deposits	31,009,479	-
	<u>141,032,283</u>	<u>229,223,706</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

5. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS (CONT'D.)

Details of deposits with financial institutions are as follows:

Maturity date	Financial Institutions	Nominal value RM	Carrying value RM	Carrying value as a percentage of NAV %
2023				
Short-term deposits				
02.10.2023	CIMB Bank Berhad	10,904,000	10,905,792	2.58
09.10.2023	CIMB Bank Berhad	25,000,000	25,057,535	5.92
16.10.2023	Public Bank Berhad	14,000,000	14,023,148	3.32
23.10.2023	CIMB Bank Berhad	30,000,000	30,030,410	7.10
30.10.2023	Public Bank Berhad	30,000,000	30,005,919	7.10
		<u>109,904,000</u>	<u>110,022,804</u>	<u>26.02</u>
Fixed deposit				
28.12.2023	CIMB Bank Berhad	<u>30,000,000</u>	<u>31,009,479</u>	<u>7.34</u>
Total deposits		<u>139,904,000</u>	<u>141,032,283</u>	<u>33.36</u>

The weighted average effective interest rate and weighted average remaining maturities of deposits are as follows:

	Weighted average effective interest rate		Weighted average remaining maturities	
	2023 %	2022 %	2023 Days	2022 Days
Short-term deposits	3.54	2.92	19	27
Fixed deposit	<u>4.45</u>	<u>-</u>	<u>89</u>	<u>-</u>

6. AMOUNT DUE TO MANAGER

	2023 RM	2022 RM
Due to Manager		
Manager's fee payable	<u>53,445</u>	<u>60,573</u>

Manager's fee is at a rate of 0.10% to 0.14% (2022: 0.10% to 0.14%) per annum on the NAV of the Fund, calculated on a daily basis.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

7. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.015% to 0.04% (2022: 0.015% to 0.04%) per annum on the NAV of the Fund, calculated on a daily basis.

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

8. NET GAIN/(LOSS) FROM INVESTMENTS

	2023 RM	2022 RM
Net gain/(loss) on financial assets at FVTPL comprised:		
– Net unrealised gain/(loss) on changes in fair value of investments	<u>3,335,563</u>	<u>(4,758,463)</u>

9. TOTAL EQUITY

Total equity is represented by:

	Note	2023 RM	2022 RM
Unit holders' capital	(a)	430,932,588	524,038,461
Accumulated losses			
– Realised (loss)/income	(b)	(6,700,803)	3,304,093
– Unrealised losses	(c)	<u>(1,422,900)</u>	<u>(4,758,463)</u>
		<u>422,808,885</u>	<u>522,584,091</u>

(a) Unit holders' capital/units in circulation

	2023		2022	
	Number of units	RM	Number of units	RM
At beginning of the financial year	528,737,040	524,038,461	546,895,276	541,991,923
Creation during the financial year	25,555,107	25,297,000	14,219,026	14,200,000
Reinvestment of distributions (Note 12)	10,803,180	10,703,360	12,018,378	11,949,538
Cancellation during the financial year	<u>(129,691,887)</u>	<u>(129,106,233)</u>	<u>(44,395,640)</u>	<u>(44,103,000)</u>
At end of the financial year	<u>435,403,440</u>	<u>430,932,588</u>	<u>528,737,040</u>	<u>524,038,461</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

9. TOTAL EQUITY (CONT'D.)

(b) Realised

	2023 RM	2022 RM
At beginning of the financial year	3,304,093	3,232,273
Net realised (loss)/income for the financial year	(2,685,453)	12,561,419
Distributions out of realised income (Note 12)	<u>(7,319,443)</u>	<u>(12,489,599)</u>
At end of the financial year	<u>(6,700,803)</u>	<u>3,304,093</u>

(c) Unrealised – non-distributable

	2023 RM	2022 RM
At beginning of the financial year	(4,758,463)	-
Net unrealised gain/(loss) for the financial year	<u>3,335,563</u>	<u>(4,758,463)</u>
At end of the financial year	<u>(1,422,900)</u>	<u>(4,758,463)</u>

10. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

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

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

There are no units held by the Manager or any related party as at 30 September 2023 and 30 September 2022.

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

	2023 RM	2022 RM
(i) Significant related party transactions		
<u>AmBank Islamic Berhad</u> Interest income	<u>-</u>	<u>1,168,532</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

11. TAXATION

	2023	2022
	RM	RM
Local tax		
– under provision in prior financial years	<u>16,295,096</u>	<u>-</u>

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:

	2023	2022
	RM	RM
Net income before taxation	<u>16,945,206</u>	<u>7,802,956</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	4,066,849	1,872,709
Tax effects of:		
Income not subject to tax	(4,255,989)	(3,220,052)
Loss not deductible for tax purposes	-	1,142,031
Restriction on tax deductible expenses for unit trust fund	134,691	144,747
Non-permitted expenses for tax purposes	39,483	44,482
Permitted expenses not used and not available for future financial years	14,966	16,083
Under provision in prior financial years	<u>16,295,096</u>	<u>-</u>
Tax expense for the financial years	<u>16,295,096</u>	<u>-</u>

During the financial year, Inland Revenue Board ("IRB") issued a letter that it views the Fund as a wholesale money market fund and not entitled to the paragraph 35A, Schedule 6 of the ITA Exemption for YA2018 to YA2020.

The Fund has provided for the potential tax liabilities for YA2018 to YA2020, and estimated the tax provisions for YA2021 and YA2022 as the Fund has also invested primarily in short-term money market instruments during YA2021 and YA2022. As at the reporting date, the Fund maintains the position that the Fund is not a wholesale money market fund but a wholesale fixed income fund. The Fund will continue to reassess the tax position of the Fund as new development arise.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

12. DISTRIBUTIONS

Distributions to unit holders for the current and previous financial year are from the following sources:

	2023	2022
	RM	RM
Interest income	8,107,523	13,345,065
Less: Expenses	(788,080)	(855,466)
Total amount of distributions	<u>7,319,443</u>	<u>12,489,599</u>
Gross distributions per unit (sen)	<u>1.52</u>	<u>2.26</u>
Net distributions per unit (sen)	<u>1.52</u>	<u>2.26</u>
Distributions made out of:		
– Realised income [Note 9(b)]	<u>7,319,443</u>	<u>12,489,599</u>
Comprising :		
Reinvestment of distributions [Note 9(a)]	7,319,443	9,105,682
Distribution payable	-	3,383,917
	<u>7,319,443</u>	<u>12,489,599</u>

Details of distributions to unit holders for the current and previous financial years are as follows:

Financial year ended 30 September 2023

Distributions Ex-date	Gross distributions per unit RM (sen)	Net distributions per unit RM (sen)	Total distributions RM
30 December 2022	0.72	0.72	3,643,283
31 March 2023	0.80	0.80	3,676,160
	<u>1.52</u>	<u>1.52</u>	<u>7,319,443</u>

Financial year ended 30 September 2022

Distributions Ex-date	Gross distributions per unit RM (sen)	Net distributions per unit RM (sen)	Total distributions RM
31 December 2021	0.49	0.49	2,763,438
31 March 2022	0.56	0.56	3,173,765
30 June 2022	0.57	0.57	3,168,479
30 September 2022	0.64	0.64	3,383,917
	<u>2.26</u>	<u>2.26</u>	<u>12,489,599</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.

The distributions declared for the financial year ended 30 September 2022 have been proposed before taking into account the net unrealised loss of RM4,758,463 arising during the financial year which is carried forward to the next financial year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

13. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	2023	2022
	% p.a.	% p.a.
Manager’s fee	0.14	0.12
Trustee’s fee	0.03	0.03
Fund’s other expenses	-*	-*
Total TER	<u>0.17</u>	<u>0.15</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 NIL (2022: 0.28 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 and money market instruments 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.

16. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with financial institutions for the financial year ended 30 September 2023 are as follows:

Financial institutions	Transaction value	
	RM	%
Public Bank Berhad	4,524,772,000	73.44
CIMB Bank Berhad	1,176,306,000	19.09
RHB Bank Berhad	245,000,000	3.98
Affin Hwang Investment Bank Berhad	160,000,000	2.60
CIMB Islamic Bank Berhad	30,000,000	0.49
Hong Leong Bank Berhad	25,000,000	0.40
Total	<u>6,161,078,000</u>	<u>100.00</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

16. TRANSACTIONS WITH FINANCIAL INSTITUTIONS (CONT'D.)

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 money market deposits. Transactions in these investments do not involve any commission or brokerage.

17. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2023				
Assets				
Investments	298,135,328	-	-	298,135,328
Deposits with licensed financial institutions	-	141,032,283	-	141,032,283
Cash at banks	-	11,541	-	11,541
Total financial assets	<u>298,135,328</u>	<u>141,043,824</u>	<u>-</u>	<u>439,179,152</u>
Liabilities				
Amount due to Manager	-	-	53,445	53,445
Amount due to Trustee	-	-	12,057	12,057
Total financial liabilities	<u>-</u>	<u>-</u>	<u>65,502</u>	<u>65,502</u>
2022				
Assets				
Investments	296,818,270	-	-	296,818,270
Deposits with licensed financial institutions	-	229,223,706	-	229,223,706
Cash at banks	-	11,249	-	11,249
Total financial assets	<u>296,818,270</u>	<u>229,234,955</u>	<u>-</u>	<u>526,053,225</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

17. FINANCIAL INSTRUMENTS (CONT'D.)

(a) Classification of financial instruments (cont'd.)

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2022 (cont'd.)				
Liabilities				
Amount due to Manager	-	-	60,573	60,573
Amount due to Trustee	-	-	14,887	14,887
Reinvestment of distribution	-	-	3,383,917	3,383,917
Total financial liabilities	-	-	3,459,377	3,459,377
			Income, expenses, gains and losses	
			2023	2022
			RM	RM
Net gain/(loss) from financial assets at FVTPL			3,335,563	(4,758,463)
Income, of which derived from:				
- Interest income from financial assets at FVTPL			8,123,987	7,057,817
- Interest income from financial assets at amortised cost			6,273,736	6,359,068

(b) Financial instruments that are carried at fair value

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

17. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments that are carried at fair value (cont'd.)

The following table shows an analysis of financial instruments recorded at fair value by the level of the fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Financial assets at FVTPL	-	298,135,328	-	298,135,328
	<u>-</u>	<u>298,135,328</u>	<u>-</u>	<u>298,135,328</u>
2022				
Financial assets at FVTPL	-	296,818,270	-	296,818,270
	<u>-</u>	<u>296,818,270</u>	<u>-</u>	<u>296,818,270</u>

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

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

- Deposits with licensed financial institutions
- Cash at banks
- Amount due to Manager
- Amount due to Trustee
- Distribution payable

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

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Risk management is carried out by closely monitoring risk, measuring and mitigating the above said risks, careful selection of investments coupled with stringent compliance to investments restrictions as stipulated by the Capital Market and Services Act 2007, Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and the Deed as the backbone of risk management of the Fund.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

18. 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.

The result below summarised the interest rate sensitivity of the Fund's NAV, or theoretical value due to the parallel movement assumption of the yield curve by +100bps and -100bps respectively:

Percentage shift in yield curve by:	Sensitivity of the Fund's NAV, or theoretical value	
	2023 RM	2022 RM
+100 bps	(2,396,124)	(5,151,311)
-100 bps	2,429,176	5,268,053

(b) Credit risk

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

(i) Credit quality of financial assets

The following table analyses the Fund's portfolio of debt securities by rating category as at 30 September 2023 and 30 September 2022:

Credit rating	RM	As a % of debt securities	As a % of NAV
2023			
AAA	45,143,544	15.14	10.68
NR	252,991,784	84.86	59.83
	<u>298,135,328</u>	<u>100.00</u>	<u>70.51</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

(b) Credit risk (cont'd.)

(i) Credit quality of financial assets (cont'd.)

The following table analyses the Fund's portfolio of debt securities by rating category as at 30 September 2023 and 30 September 2022: (cont'd.)

Credit rating	RM	As a % of debt securities	As a % of NAV
AAA	44,646,886	15.04	8.54
NR	252,171,384	84.96	48.26
	<u>296,818,270</u>	<u>100.00</u>	<u>56.80</u>

For deposits with licensed financial institutions, the Fund only makes placements with financial institutions with sound rating. The following table presents the Fund's portfolio of deposits by rating category as at 30 September 2023 and 30 September 2022:

Credit rating	RM	As a % of deposits	As a % of NAV
2023			
P1/MARC-1	<u>141,032,283</u>	<u>100.00</u>	<u>33.36</u>
2022			
P1/MARC-1	<u>229,223,706</u>	<u>100.00</u>	<u>43.86</u>

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

(ii) Credit risk concentration

Concentration of risk is monitored and managed based on sectorial distribution. The table below analyses the Fund's portfolio of debt securities by sectorial distribution as at 30 September 2023:

Sector	RM	As a % of debt securities	As a % of NAV
2023			
Financial services	45,143,544	15.14	10.68
Public administration	252,991,784	84.86	59.83
	<u>298,135,328</u>	<u>100.00</u>	<u>70.51</u>
2022			
Financial services	44,646,886	15.04	8.54
Public administration	252,171,384	84.96	48.26
	<u>296,818,270</u>	<u>100.00</u>	<u>56.80</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023**

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

(c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise of deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

The following table presents the undiscounted contractual cash flows from different asset and liability classes in the Fund:

	Contractual cash flows (undiscounted)					
	0 – 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM	More than 5 years RM
2023						
Financial assets						
Investments	250,130,804	55,895,698	-	-	-	-
Deposits with licensed financial institutions	141,547,357	-	-	-	-	-
Cash at banks	11,541	-	-	-	-	-
Total assets	141,558,898	55,895,698	-	-	-	-
Financial liabilities						
Amount due to Manager	53,445	-	-	-	-	-
Amount due to Trustee	12,057	-	-	-	-	-
Tax payable	16,295,096	-	-	-	-	-
Sundry payables and accruals	9,669	-	-	-	-	-
Total liabilities	16,370,267	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

(c) Liquidity risk (cont'd.)

The following table presents the undiscounted contractual cash flows from different asset and liability classes in the Fund: (cont'd.)

	Contractual cash flows (undiscounted)					
	0 – 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM	More than 5 years RM
2022						
Financial assets						
Investments	10,142,492	250,130,804	55,895,698	-	-	-
Deposits with licensed financial institutions	229,678,215	-	-	-	-	-
Cash at banks	11,249	-	-	-	-	-
Total assets	239,831,956	250,130,804	55,895,698	-	-	-
Financial liabilities						
Amount due to Manager	60,573	-	-	-	-	-
Amount due to Trustee	14,887	-	-	-	-	-
Sundry payables and accruals	9,757	-	-	-	-	-
Total liabilities	85,217	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023**

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

(d) Regulatory risk

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

(e) Management risk

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

(f) Non-compliance risk

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

19. CAPITAL MANAGEMENT

The primary objective of the Fund's capital management is to ensure that it maximises unit holders' value by expanding its fund size to benefit from economies of scale and achieving growth in NAV from the performance of its investments.

The Fund manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Fund may issue new or bonus units, make distribution payment, or return capital to unit holders by way of redemption of units.

No changes were made in the objective, policies or processes during the financial years ended 30 September 2023 and 30 September 2022.

AmIncome Premium

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 and International Financial Reporting Standards so as to give a true and fair view of the financial position of AmIncome Premium (“the Fund”) as at 30 September 2023 and the comprehensive income, the changes in equity and cash flows for the financial year then ended.

For and on behalf of the Manager

GOH WEE PENG
Executive Director

Kuala Lumpur, Malaysia
20 November 2023

TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial year ended 30 September 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AmFunds Management Berhad has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the Deeds, securities laws and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

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

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
Date: 20 November 2023

DIRECTORY

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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.)*

