

Annual Report for

AmIncome USD Fund

30 November 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
Ng Chih Kaye
Jas Bir Kaur A/P Lol Singh
Arnold Lim Boon Lay
Goh Wee Peng

Investment Committee

Arnold Lim Boon Lay
Tracy Chen Wee Keng
Goh Wee Peng

Trustee

Deutsche Trustees Malaysia Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

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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 USD Fund ("Fund") for the financial year ended 30 November 2023.

Salient Information of the Fund

Name	AmlIncome USD Fund ("Fund")				
Category/Type	Wholesale Fixed Income / Income				
Objective	<p>The Fund seeks to provide income* and liquidity** over short to medium-term.</p> <p><i>Notes:</i> <i>*Income distribution (if any) will be in the form of additional units.</i> <i>**Liquidity means that investor may receive their redemption proceeds within two (2) Business Days after redemption application is received by the Manager on or before the cut-off time. However, we may for any reason at any time, where applicable, extend the payment of the net redemption proceeds no later than ten (10) calendar days from the date of the redemption request is received by the manager.</i> <i>Any material change to the investment objective of the Fund would require Unit Holders' approval.</i></p>				
Duration	The Fund was established on 11 November 2019 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.				
Performance Benchmark	<p>Maybank USD Overnight Deposit Rate ("MBB USD Overnight Deposit Rate"). (Available at www.aminvest.com / www.maybank2u.com.my)</p> <p><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></p>				
Income Distribution Policy	<p>Subject to the availability of income, distribution will be made on a monthly basis. Distribution, if any, will be automatically reinvested into units at no cost.</p> <p><i>Note: Income distribution amount (if any) is subject to the sole discretion of the Manager.</i></p>				
Breakdown of Unit Holdings by Size	For the financial year under review, the size of the Fund stood at 627,181 units.				
	Size of holding	As at 30 November 2023		As at 30 November 2022	
		No of units held	Number of unitholder	No of units held	Number of unitholders
	5,000 and below	-	-	-	-
	5,001-10,000	-	-	-	-
	10,001-50,000	-	-	62,294	2
	50,001-500,000	-	-	-	-
	500,001 and above	627,181	1	4,680,057	1

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 30 November are as follows:			
		As at 30 November		
		2023	2022	2021
		%	%	%
	Foreign bonds	84.11	91.28	64.63
	Money market deposits and cash equivalents	15.89	8.72	35.37
	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 November are as follows:			
		FYE 2023	FYE 2022	FYE 2021
	Net asset value (USD)	922,515*	4,432,186	22,410,151
	Units in circulation	627,181*	4,742,351	22,436,575
	Net asset value per unit (USD)	1.4709*	0.9346	0.9988
	Highest net asset value per unit (USD)	1.4910*	1.0043	1.0188
	Lowest net asset value per unit (USD)	0.6018*	0.9298	0.9843
	Benchmark performance (%)	4.90	1.41	0.05
	Total return (%) ⁽¹⁾	57.38	-6.19	-1.20
	- Capital growth (%)	57.38	-6.43	-1.69
	- Income distribution (%)	-	0.24	0.49
	Gross distribution (cent per unit)	-	0.26	0.50
	Net distribution (cent per unit)	-	0.24	0.50
	Total expense ratio (%) ⁽²⁾	1.30	0.86	0.82
	Portfolio turnover ratio (times) ⁽³⁾	2.79	1.07	0.67
	* Above prices and net asset value per unit are not shown as ex-distribution.			
	<i>Note:</i>			
	<i>(1) Total return is the actual return of the respective Fund for the financial years computed based on the net asset value per unit and net of all fees.</i>			
	<i>(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 0.44% as compared to 0.86% per annum for the financial year ended 30 November 2022 mainly due to decrease in average fund size.</i>			
	<i>(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 increase in the PTR for 2023 and 2022 were due mainly to investing activities.</i>			

Average Total Return (as at 30 November 2023)

	AmlIncome USD Fund^(a) %	MBB USD Overnight Deposit Rate^(b) %
One year	57.38	4.90
Three years	13.42	2.10
Since launch (11 November 2019)	10.54	1.68

Annual Total Return

Financial Period/Years Ended (30 November)	AmlIncome USD Fund^(a) %	MBB USD Overnight Deposit Rate^(b) %
2023	57.38	4.90
2022	-6.19	1.41
2021	-1.20	0.05
2020 ^(c)	2.90	0.51

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

(b) Maybank USD Overnight Deposit Rate (“MBB USD Overnight Deposit Rate”).
(Available at www.aminvest.com / www.maybank2u.com.my).

(c) Total actual return for the financial period from 11 November 2019 (date of launch) to 30 November 2020.

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

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

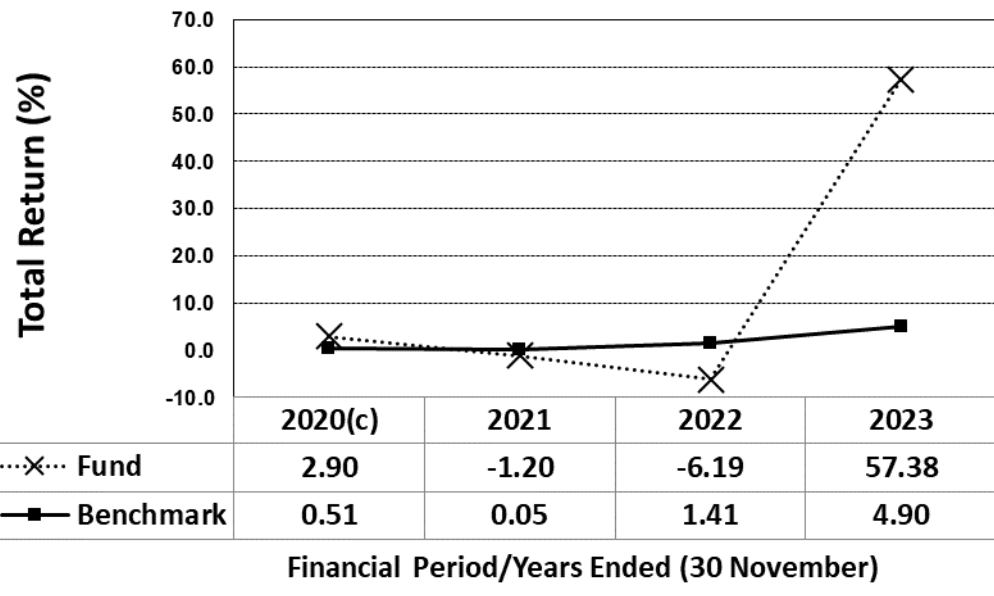
Fund Performance

For the financial year under review, the Fund registered a return of 57.38% which is entirely capital growth in nature.

Thus, the Fund’s return of 57.38% has outperformed the benchmark’s return of 4.90% by 52.48%.

As compared with the financial year ended 30 November 2022, the net asset value (“NAV”) per unit of the Fund increased by 57.38% from USD0.9346 to USD1.4709, while units in circulation decreased by 86.77% from 4,742,351 units to 627,181 units.

The following line chart shows comparison between the annual performances of AmlIncome USD Fund and its benchmark, *Maybank USD Overnight Deposit Rate*, for the financial period/years ended 30 November.



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?

Yes, the Fund has achieved its objective of providing income and liquidity over the short to medium term.

Strategies and Policies Employed

For the financial year under review, the Fund is actively managed and seeks to achieve its investment objective by investing a minimum 70% of its NAV in fixed income instruments which include sovereign, quasi-sovereign and corporate bonds, accepted bills, negotiable instrument of deposits, repurchase agreement (Repo) and deposits with financial institutions.

The Manager may invest in collective investment schemes (CIS) that have similar investment objective of the Fund's investment objective. The Fund may also seek to invest in countries where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commission (IOSCO).

While the Fund's primary focus will be placed on USD-denominated investments, the Fund will also have the option to invest not more than 30% of the Fund's NAV in non-USD denominated investments. The manager will, however, look towards hedging these non-USD denominated investments back to USD to mitigate any currency risk.

As such, the Fund may invest in derivatives such as foreign exchange forward contract, cross currency swaps and interest rate swaps solely for hedging purposes.

Portfolio Structure

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

	As at 30.11.2023 %	As at 30.11.2022 %	Changes %
Foreign bonds	84.11	91.28	-7.17
Money market deposits and cash equivalents	15.89	8.72	7.17
Total	100.00	100.00	

	As at the end of the financial year, the Fund has invested 84.11% of its NAV in foreign bonds and remaining 15.89% of its NAV in money market deposits and cash equivalents.
Cross Trade	There were no cross trades undertaken during the financial year under review.
Distribution/ Unit splits	There is no income distribution and unit split declared for the financial year under review.
State of Affairs	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 year under review.
Rebates and Soft Commission	During the year, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.
Market Review	<p>During the Fund's financial year, the domestic bond market experienced a strong year. Overall, Malaysian Government Securities (MGS) yield curve bull flattened. Apart from the significant foreign inflows in Malaysia debt securities, the bullish movements were driven by strong domestic market liquidity which flowed into the bond market after adopting a cautious stance throughout 2022. This was supported by market expectation of extended pause in Bank Negara Malaysia's (BNM) Overnight Policy Rate (OPR) at 3.00% as well as the narrative that the Federal Reserve's period of rate tightening may be over after hiking a total of 100bps in the first 7 months of 2023, bringing the Federal Reserve Fund Rate (upper bound) to 5.50%. The disinflationary trend in United States (US) and the dovish statement by the Federal Open Market Committee (FOMC) have also led the market to believe that the Fed Reserve may be cutting rates as early as March 2024.</p> <p>The domestic bond market's trajectory has not been a straight-forward, one-way street. It started on a positive note, with significant yield movements came after Bank Negara Malaysia (BNM) surprising the market with a hold on the Overnight Policy Rate (OPR) at 2.75% in January 2023. The market was further supported by concerns over global financial stability stemming from the failures of three US regional banks and the government-brokered takeover of Credit Suisse by UBS in March 2023. However, the subsequent lack of catalyst in the domestic market sent MGS yields to slowly drift higher as global bond market sentiment weakened when the "higher for longer" narrative in US took center stage again. Finally, Malaysia's bond market sentiments took a hit when both 10-year and 30-year UST briefly touched the 5.00% psychological level, bringing MGS yields to levels observed at the beginning of the year in October 2023. However, the sentiment in the local bond market swiftly shifted to a positive stance in November 2023, buoyed by rally in United States Treasury (UST) on the back of a slew of underwhelming macro data releases and the Israel-Hamas crisis.</p> <p>In line with the strong government bond market, domestic corporate bonds picked up robust demand as local investors aggressively pursuing yields. This led to tightening of credit spreads across the curve and higher trading volume during the Fund's financial year.</p>

Market Outlook	<p>The outlook for 2024 appears increasingly to gravitate towards possible rate cuts in the United States (US) and the worse appears to be over for bond markets. Indeed, the sharp fall in yields in the bond rally at the end of 2023 is evident of the fact that US bond investors, who have endured a volatile past 2 years are now positioning themselves for a more favourable year ahead.</p> <p>On the domestic front, Bank Negara Malaysia (BNM) continues to maintain an accommodative monetary policy and in the absence of any inflationary pressures will likely stand pat for the first half of 2024. The local bond yield curve has similarly shifted lower at the end of 2023 and it is unlikely that we will experience the sharp spike in yields.</p>
Additional Information	<p>The following information was updated:</p> <ol style="list-style-type: none"> 1) Mr Tai Terk Lin, an Independent Non-Executive Director of AmFunds Management Berhad ('AFM'), has retired from the Board and the Fund Management Division's Audit and Risk Management Committee with effect from 15 December 2023. 2) Mdm Jas Bir Kaur A/P Lol Singh, an Independent Non-Executive Director of AFM, has resigned as the Chairperson of the Investment Committee and has been appointed as a member of the Fund Management Division's Audit and Risk Management Committee with effect from 15 December 2023. 3) Mr Arnold Lim Boon Lay has been appointed as an Independent Non-Executive Director of AFM and the Chairman of the Investment Committee with effect from 15 December 2023.

Kuala Lumpur, Malaysia
AmFunds Management Berhad

18 January 2024

Independent auditors' report to the unit holders of AmlIncome USD Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AmlIncome USD Fund ("the Fund"), which comprise the statement of financial position as at 30 November 2023 and 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 11 to 39.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 November 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 USD Fund (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 USD Fund (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 USD Fund (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
18 January 2024

AmlIncome USD Fund

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

	Note	2023 USD	2022 USD
ASSETS			
Investments	4	775,946	4,045,866
Deposit with a licensed financial institution	5	147,021	-
Tax recoverable		2,088	-
Cash at banks		11,362	401,916
TOTAL ASSETS		<u>936,417</u>	<u>4,447,782</u>
LIABILITIES			
Amount due to Manager	6	9,692	3,088
Amount due to Trustee	7	396	197
Tax payable		-	7,839
Distribution payable	12	-	1,423
Sundry payables and accruals		3,814	3,049
TOTAL LIABILITIES		<u>13,902</u>	<u>15,596</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>922,515</u>	<u>4,432,186</u>
EQUITY			
Unit holders' capital	9(a)	1,605,036	5,149,992
Accumulated losses	9(b)(c)	<u>(682,521)</u>	<u>(717,806)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	9	<u>922,515</u>	<u>4,432,186</u>
UNITS IN CIRCULATION	9(a)	<u>627,181</u>	<u>4,742,351</u>
NAV PER UNIT (USD) - EX-DISTRIBUTION		<u>1.4709</u>	<u>0.9346</u>

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

AmlIncome USD Fund

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

	Note	2023 USD	2022 USD
INVESTMENT INCOME/(LOSS)			
Interest income		37,613	126,468
Other income		-	3
Net gain/(loss) from investments:			
- Financial assets at fair value through profit or loss ("FVTPL")	8	29,056	(622,080)
Other net realised losses on foreign currency exchange		(627)	(417)
Other net unrealised gain/(loss) on foreign currency exchange		229	(229)
		<u>66,271</u>	<u>(496,255)</u>
EXPENDITURE			
Manager's fee	6	(8,403)	(51,419)
Trustee's fee	7	(2,394)	(2,991)
Audit fee		(1,818)	(1,897)
Tax agent's fee		(750)	(782)
Custodian's fee		(393)	(1,725)
Other expenses		(1,609)	(411)
		<u>(15,367)</u>	<u>(59,225)</u>
Net income/(loss) before taxation		50,904	(555,480)
Taxation	11	<u>(15,619)</u>	<u>(29,042)</u>
Net income/(loss) after taxation, representing total comprehensive income/(loss) for the financial year		<u>35,285</u>	<u>(584,522)</u>
Total comprehensive income/(loss) comprises the following:			
Realised losses		(108,710)	(730,932)
Unrealised gains		143,995	146,410
		<u>35,285</u>	<u>(584,522)</u>
Distributions for the financial year			
Net distributions	12	<u>-</u>	<u>15,357</u>
Gross distributions per unit (cent)	12	<u>-</u>	<u>0.26</u>
Net distributions per unit (cent)	12	<u>-</u>	<u>0.24</u>

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

AmlIncome USD Fund

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

	Note	Unit holders' capital USD	Accumulated losses USD	Total equity USD
At 1 December 2022		5,149,992	(717,806)	4,432,186
Total comprehensive income for the financial year		-	35,285	35,285
Creation of units	9(a)	940,118	-	940,118
Reinvestment of distribution	9(a),12	1,423	-	1,423
Cancellation of units	9(a)	(4,486,497)	-	(4,486,497)
Balance at 30 November 2023		<u>1,605,036</u>	<u>(682,521)</u>	<u>922,515</u>
At 1 December 2021		22,528,078	(117,927)	22,410,151
Total comprehensive loss for the financial year		-	(584,522)	(584,522)
Creation of units	9(a)	33,964	-	33,964
Reinvestment of distributions	9(a),12	20,665	-	20,665
Cancellation of units	9(a)	(17,432,715)	-	(17,432,715)
Distributions	9(b),12	-	(15,357)	(15,357)
Balance at 30 November 2022		<u>5,149,992</u>	<u>(717,806)</u>	<u>4,432,186</u>

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

AmlIncome USD Fund

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023**

	Note	2023 USD	2022 USD
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of investments		4,884,171	12,103,675
Purchase of investments		(1,628,176)	(2,491,924)
Interest received		80,666	330,487
Other income received		-	3
Manager's fee paid		(11,059)	(62,957)
Trustee's fee paid		(2,195)	(3,528)
Tax agent's fee paid		(689)	(750)
Tax paid		(25,316)	(21,433)
Custodian's fee paid		(394)	(1,725)
Payments for other expenses		(3,422)	(2,019)
Net cash generated from operating and investing activities		<u>3,293,586</u>	<u>9,849,829</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		940,118	33,964
Payments for cancellation of units		(4,477,237)	(17,432,715)
Net cash used in financing activities		<u>(3,537,119)</u>	<u>(17,398,751)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(243,533)	(7,548,922)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>401,916</u>	<u>7,950,838</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		<u>158,383</u>	<u>401,916</u>
Cash and cash equivalents comprise:			
Deposit with a licensed financial institution	5	147,021	-
Cash at banks		<u>11,362</u>	<u>401,916</u>
		<u>158,383</u>	<u>401,916</u>

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

AmlIncome USD Fund

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

1. GENERAL INFORMATION

AmlIncome USD Fund (“the Fund”) was established pursuant to a Deed dated 7 October 2019, between AmFunds Management Berhad as the Manager, Deutsche Trustees Malaysia Berhad as the Trustee and unit holders.

The Fund seeks to provide income and liquidity over short to medium-term. As provided in the Deed, the financial year shall end on 30 November and the units in the Fund were first offered for sale on 11 November 2019.

The financial statements were authorised for issue by the Manager on 18 January 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 (“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

AmlIncome USD Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 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 NOVEMBER 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 United States Dollar ("USD") which reflects the currency in which the Fund competes for funds, issues and redeems units. The Fund has also adopted USD as its presentation currency.

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

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

3.4 Foreign currency transactions

Transactions in currencies other than the Fund's functional currency (foreign currencies) are recorded in the functional currency using exchange rates prevailing at the transaction dates. At each reporting date, foreign currency monetary items are translated into USD at exchange rates ruling at the reporting date. All exchange gains or losses are recognised in profit or loss.

3.5 Statement of cash flows

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

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

3.6 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.

3.7 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").

3.8 Financial assets – initial recognition and measurement

(i) Initial recognition

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

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

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

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

(ii) Initial measurement

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

(iii) “Day 1” profit or loss

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

3.9 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.

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

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

3.10 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.

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". Exchange differences on financial assets at FVTPL are not recognised separately in profit or loss but are included in net gain or net loss on changes in fair value of financial assets at FVTPL.

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

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

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

Classification and measurement (cont'd.)

The Fund may classify its financial assets under the following categories: (cont'd.)

Financial assets at FVTPL (cont'd.)

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

3.11 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.

3.12 Derecognition of financial instruments

(i) Derecognition of financial asset

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

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

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

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

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

3.12 Derecognition of financial instruments (cont'd.)

(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.

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

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

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

3.14 Determination of fair value

For investments in foreign fixed income securities, fair value is determined based on indicative prices provided by independent and reputable institutions plus accrued interest. 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.

3.15 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.

AmlIncome USD Fund

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

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

3.16 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.

4. INVESTMENTS

	2023 USD	2022 USD
Financial assets at FVTPL		
At nominal value:		
Corporate bonds	-	3,150,000
Sovereign bond	800,000	900,000
	<u>800,000</u>	<u>4,050,000</u>
At fair value:		
Corporate bonds	-	3,156,714
Sovereign bond	775,946	889,152
	<u>775,946</u>	<u>4,045,866</u>

AmlIncome USD Fund

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

4. INVESTMENTS (CONT'D.)

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

Maturity date	Issuer	Credit rating	Nominal value USD	Fair value USD	Adjusted cost USD	Fair value as a percentage of NAV %
Sovereign bond						
17.02.2025	United States of America	AA	800,000	775,946	773,949	84.11
Total sovereign bond			<u>800,000</u>	<u>775,946</u>	<u>773,949</u>	<u>84.11</u>
Total financial assets at FVTPL				<u>775,946</u>	<u>773,949</u>	<u>84.11</u>
Excess of fair value over adjusted cost				<u>1,997</u>		

The weighted average effective yield on investments are as follows:

	Effective yield	
	2023	2022
	%	%
Corporate bonds	-	6.59
Sovereign bonds	<u>5.10</u>	<u>4.47</u>

Analysis of the remaining maturity of investments as at 30 November 2023 and 30 November 2022 are as follows:

	Less than 1 year USD	1 year to 5 years USD
2023		
At nominal value:		
Sovereign bond	<u>-</u>	<u>800,000</u>
2022		
At nominal value:		
Corporate bonds	1,400,000	1,750,000
Sovereign bond	<u>-</u>	<u>900,000</u>

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

5. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	2023 USD
At nominal value:	
Short-term deposit	<u>147,000</u>
At carrying value:	
Short-term deposit	<u>147,021</u>

Details of deposit with a licensed financial institution are as follows:

Maturity date	Financial institution	Nominal value RM	Carrying value RM	Carrying value as a percentage of NAV %
2023				
Short-term deposit				
01.12.2023	Malayan Bank Berhad	<u>147,000</u>	<u>147,021</u>	<u>15.94</u>

The weighted average effective interest rate and weighted average remaining maturities of short-term deposit are as follows:

	Weighted average effective interest rate		Weighted average remaining maturities	
	2023 %	2022 %	2023 Day	2022 Day
Short-term deposit	<u>5.25</u>	<u>-</u>	<u>1</u>	<u>-</u>

6. AMOUNT DUE TO MANAGER

	Note	2023 USD	2022 USD
Due to manager			
Cancellation of units	(i)	9,260	-
Manager's fee payable	(ii)	<u>432</u>	<u>3,088</u>
		<u>9,692</u>	<u>3,088</u>

AmlIncome USD Fund

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

6. AMOUNT DUE TO MANAGER (CONT'D.)

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

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

- (ii) Manager's fee is up to 0.75% (2022: 0.75%) 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.

7. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.04% (2022: 0.04%) per annum on the NAV of the Fund (excluding foreign custodian fees and charges, where applicable), subject to a minimum fee of RM10,000 per annum, 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	2022
	USD	USD
Net gain/(loss) on financial assets at FVTPL comprised:		
- Net realised losses on sale of investments	(114,711)	(768,719)
- Net unrealised gains on changes in fair value of investments	143,767	146,639
	<u>29,056</u>	<u>(622,080)</u>

9. TOTAL EQUITY

Total equity is represented by:

	Note	2023	2022
		USD	USD
Unit holders' capital	(a)	1,605,036	5,149,992
Accumulated losses			
- Realised losses	(b)	(684,517)	(575,807)
- Unrealised gain/(loss)	(c)	1,996	(141,999)
		<u>922,515</u>	<u>4,432,186</u>

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

9. TOTAL EQUITY (CONT'D.)

(a) Unit holders' capital/units in circulation

	2023		2022	
	Number of units	USD	Number of units	USD
At the beginning of financial year	4,742,351	5,149,992	22,436,575	22,528,078
Creation during the financial year	636,794	940,118	34,407	33,964
Reinvestment of distributions	1,522	1,423	21,280	20,665
Cancellation during the financial year	(4,753,486)	(4,486,497)	(17,749,911)	(17,432,715)
At end of the financial year	<u>627,181</u>	<u>1,605,036</u>	<u>4,742,351</u>	<u>5,149,992</u>

(b) Realised – distributable

	2023 USD	2022 USD
At the beginning of financial year	(575,807)	170,482
Net realised losses for the financial year	(108,710)	(730,932)
Distributions out of realised income (Note 12)	-	(15,357)
At end of the financial year	<u>(684,517)</u>	<u>(575,807)</u>

(c) Unrealised – non-distributable

	2023 USD	2022 USD
At the beginning of financial year	(141,999)	(288,409)
Net unrealised gains for the financial year	143,995	146,410
At end of the financial year	<u>1,996</u>	<u>(141,999)</u>

10. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

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

Related parties

AmFunds Management Berhad
AmInvestment Bank Berhad
AMMB Holdings Berhad ("AMMB")
Subsidiaries and associates of AMMB
as disclosed in its financial statements

Relationships

The Manager
Holding company of the Manager
Ultimate holding company of the Manager
Subsidiaries and associate companies of the
ultimate holding company of the Manager

AmlIncome USD Fund

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

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

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

11. TAXATION

	2023 RM	2022 RM
Local tax		
- current year	19,571	29,042
- over provision in prior year	(3,952)	-
	<u>15,619</u>	<u>29,042</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.

Pursuant to the Finance Act 2021, income derived by a resident person from sources outside Malaysia and received in Malaysia from 1 January 2022 will no longer be exempted from tax. Foreign-sourced income ("FSI") received in Malaysia will be taxed at the prevailing tax rate(s) of the taxpayer and based on applicable tax rules. Bilateral or unilateral tax credits may be allowed if the same income has suffered foreign tax, and where relevant conditions are met.

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

	2023 USD	2022 USD
Net income/(loss) before taxation	<u>50,904</u>	<u>(555,480)</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	12,217	(133,315)
Tax effects of:		
Income not subject to tax	(24,015)	(36,505)
Losses not allowed for tax deduction	27,681	184,648
Restriction on tax deductible expenses for unit trust fund	2,232	11,525
Non-permitted expenses for tax purposes	1,208	1,408
Permitted expenses not used and not available for future financial year	248	1,281
Over provision in prior year	(3,952)	-
Tax expense for the financial year	<u>15,619</u>	<u>29,042</u>

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

12. DISTRIBUTIONS

No distribution has been declared to unit holders during the current financial year.

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

	2022 USD
Interest income	103,622
Other income	<u>2</u>
	103,624
Less: Expenses	(59,225)
Taxation	<u>(29,042)</u>
Total amount of distributions	<u>15,357</u>
Gross distributions per unit (cent)	<u>0.26</u>
Net distributions per unit (cent)	<u>0.24</u>
Distributions made out of:	
– Realised income [Note 9(b)]	<u>15,357</u>
Comprising:	
Reinvestment of distributions	13,934
Distribution payable	<u>1,423</u>
	<u>15,357</u>

Details of distributions to unit holders during the previous financial year are as follows:

Financial year ended 30 November 2022

Distribution Ex-date	Gross distributions per unit USD (sen)	Net distributions per unit USD (sen)	Total distributions USD
31 December 2021	0.03	0.03	2,990
31 January 2022	0.02	0.02	1,589
28 February 2022	0.02	0.02	1,426
31 March 2022	0.02	0.02	1,291
29 April 2022	0.02	0.02	1,292
31 May 2022	0.02	0.02	1,216
30 June 2022	0.02	0.02	1,106
29 July 2022	0.02	0.02	1,018
30 August 2022	0.02	0.02	1,019
30 September 2022	0.02	0.02	987
30 November 2022	0.05	0.03	1,423
	<u>0.26</u>	<u>0.24</u>	<u>15,357</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.

AmlIncome USD Fund

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

13. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	2023	2022
	% p.a.	% p.a.
Manager’s fee	0.71	0.75
Trustee’s fee	0.20	0.04
Fund’s other expenses	0.39	0.07
Total TER	<u>1.30</u>	<u>0.86</u>

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

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 2.79 times (2022: 1.07 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. 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 BROKERS AND FINANCIAL INSTITUTIONS

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

Brokers/Financial institutions	Transaction value	
	USD	%
JP Morgan Securities PLC	2,862,621	46.25
Standard Chartered Bank	1,060,933	17.14
Merrill Lynch Int Ltd (London)	1,028,364	16.62
Mitsubishi UFJ Trust International Limited	963,175	15.56
HSBC Bank Malaysia Berhad	273,958	4.43
Total	<u>6,189,051</u>	<u>100.00</u>

AmlIncome USD Fund

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

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

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

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

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 USD	Financial assets at amortised cost USD	Financial liabilities at amortised cost USD	Total USD
2023				
Assets				
Investments	775,946	-	-	775,946
Deposit with a licensed financial institution	-	147,021	-	147,021
Cash at banks	-	11,362	-	11,362
Total financial assets	<u>775,946</u>	<u>158,383</u>	<u>-</u>	<u>934,329</u>
Liabilities				
Amount due to Manager	-	-	9,692	9,692
Amount due to Trustee	-	-	396	396
Total financial liabilities	<u>-</u>	<u>-</u>	<u>10,088</u>	<u>10,088</u>
2022				
Assets				
Investments	4,045,866	-	-	4,045,866
Cash at banks	-	401,916	-	401,916
Total financial assets	<u>4,045,866</u>	<u>401,916</u>	<u>-</u>	<u>4,447,782</u>

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

17. FINANCIAL INSTRUMENTS (CONT'D.)

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

	Financial assets at FVTPL USD	Financial assets at amortised cost USD	Financial liabilities at amortised cost USD	Total USD
2022 (cont'd.)				
Liabilities				
Amount due to				
Manager	-	-	3,088	3,088
Amount due to Trustee	-	-	197	197
Distribution payable	-	-	1,423	1,423
Total financial liabilities	<u>-</u>	<u>-</u>	<u>4,708</u>	<u>4,708</u>

	Income, expenses, gains and losses	
	2023 USD	2022 USD
Net gain/(loss) from financial assets at FVTPL	29,056	(622,080)
Income, of which derived from:		
- Interest income from financial assets at FVTPL	31,827	125,342
- Interest income from financial assets at amortised cost	5,786	1,126
- Other net realised losses on foreign currency exchange	(627)	(417)
- Other net unrealised gain/(loss) on foreign currency exchange	<u>229</u>	<u>(229)</u>

(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

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

17. FINANCIAL INSTRUMENTS (CONT'D.)

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

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique: (cont'd.)

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2023				
Financial assets at FVTPL	-	775,946	-	775,946
	<hr/>	<hr/>	<hr/>	<hr/>
2022				
Financial assets at FVTPL	-	4,045,866	-	4,045,866
	<hr/>	<hr/>	<hr/>	<hr/>

(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:

- Deposit with a licensed financial institution
- 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, single issuer risk, regulatory risk, country risk, management risk and non-compliance risk.

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

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

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

(a) Market risk

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

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 rates 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 rates sensitivity of the Fund's NAV, or theoretical value due to the parallel movement assumption of the yield curve by +100bps and -100bps respectively:

Parallel shift in yield curve by:	Sensitivity of the Fund's NAV, or theoretical value	
	2023 USD	2022 USD
+100 bps	(8,936)	(50,038)
-100 bps	9,128	50,920

(ii) Currency risk

Currency risk is associated with the Fund's assets and liabilities that are denominated in currencies other than the Fund's functional currency. Currency risk refers to the potential loss the Fund might face due to unfavorable fluctuations of currencies other than the Fund's functional currency against the Fund's functional currency.

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

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

(a) Market risk (cont'd.)

(ii) Currency risk (cont'd.)

The result below summarised the currency risk sensitivity of the Fund's NAV due to appreciation/depreciation of the Fund's functional currency against currencies other than the Fund's functional currency:

Percentage movements in currencies other than the Fund's functional currency:	Sensitivity of the Fund's NAV	
	2023 USD	2022 USD
+5.00%	4	36
-5.00%	(4)	(36)

The net unhedged financial assets of the Fund that are not denominated in the Fund's functional currency are as follows:

Assets denominated in	2023		2022	
	USD equivalent	% of NAV	USD equivalent	% of NAV
Ringgit Malaysia				
Cash at bank	86	0.01	728	0.02

(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.

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

(i) Credit quality of financial assets

Credit rating	USD	As a % of debt securities	As a % of NAV
2023			
AA	775,946	100.00	84.11

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

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

(b) Credit risk (cont'd.)

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

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

Credit rating	USD	As a % of debt securities	As a % of NAV
2022			
A	991,379	24.50	22.37
BBB	404,130	9.99	9.12
BB	1,022,219	25.27	23.06
NR	1,628,138	40.24	36.73
	<u>4,045,866</u>	<u>100.00</u>	<u>91.28</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 November 2023:

Credit rating	USD	As a % of deposits	As a % of NAV
2023			
P1/MARC-1	<u>147,021</u>	<u>100.00</u>	<u>15.94</u>

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

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 November 2023 and 30 November 2022:

Sector	USD	As a % of debt securities	As a % of NAV
2023			
Finance	<u>775,946</u>	<u>100.00</u>	<u>84.11</u>
2022			
Banking	1,624,389	40.15	36.65
Data processing	540,946	13.37	12.20
Financial services	1,880,531	46.48	42.43
	<u>4,045,866</u>	<u>100.00</u>	<u>91.28</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 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 USD	1 – 2 years USD	2 – 3 years USD	3 – 4 years USD	4 – 5 years USD	More than 5 years USD
2023						
Financial assets						
Investments	16,000	808,000	-	-	-	-
Deposit with a licensed financial institution	147,021	-	-	-	-	-
Tax recoverable	2,088	-	-	-	-	-
Cash at banks	11,362	-	-	-	-	-
Total assets	176,471	808,000	-	-	-	-
Financial liabilities						
Amount due to Manager	9,692	-	-	-	-	-
Amount due to Trustee	396	-	-	-	-	-
Sundry payables and accruals	3,814	-	-	-	-	-
Total liabilities	13,902	-	-	-	-	-

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

17. 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 USD	1 – 2 years USD	2 – 3 years USD	3 – 4 years USD	4 – 5 years USD	More than 5 years USD
2022						
Financial assets						
Investments	1,600,745	2,186,579	566,156	-	-	-
Cash at banks	401,916	-	-	-	-	-
Total assets	2,002,661	2,186,579	566,156	-	-	-
Financial liabilities						
Amount due to Manager	3,088	-	-	-	-	-
Amount due to Trustee	197	-	-	-	-	-
Tax payable	7,839	-	-	-	-	-
Sundry payables and accruals	3,049	-	-	-	-	-
Total liabilities	14,173	-	-	-	-	-

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

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

(d) Single issuer risk

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

(e) Regulatory risk

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

(f) Country risk

The risk of price fluctuation in foreign securities may arise due to political, financial and economic events in foreign countries. If this occurs, there is a possibility that the NAV of the Fund may be adversely affected.

(g) Management risk

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

(h) 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 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 or make distribution payment.

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

AmIncome USD Fund

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 USD Fund (“the Fund”) as at 30 November 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

18 January 2024

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AMINCOME USD FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 November 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 deed, 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 deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Fund Operations

Sylvia Beh
Chief Executive Officer

Kuala Lumpur
18 January 2024

DIRECTORY

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*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.)*

