

Annual Report for

AmInstitutional Income Bond SRI

(formerly known as AmInstitutional Income Bond)

31 December 2024



AmInvest

Growing Your Investments in a Changing World

TRUST DIRECTORY

Manager

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

Trustee

AmanahRaya Trustees Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

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MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of AmInstitutional Income Bond SRI (*formerly known as AmInstitutional Income Bond*) ("Fund") for the financial year ended 31 December 2024.

Salient Information of the Fund

Name	AmInstitutional Income Bond SRI (<i>formerly known as AmInstitutional Income Bond</i>) ("Fund")				
Category/ Type	Wholesale Fixed Income / Income				
Objective	<p>The Fund seeks to provide income* and to a lesser extent capital appreciation by investing primarily in fixed income instruments.</p> <p><i>Note:</i> * Income distribution (if any) can be in the form of cash (by telegraphic transfer) or additional units (by reinvestment into units of the Fund). Any material change to the investment objective of the Fund would require Unit Holders' approval.</p>				
Duration	The Fund was established on 18 February 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	Refinitiv BPAM Corporates (3-7 years) All Bond Index + 50 bps ("Refinitiv BPAM Corps 3Y-7Y All Bond Index + 50 bps") (Available at www.aminvest.com) <i>Note: The risk profile of the Fund may not be the same as the risk profile of the performance benchmark. BPAM refers to Bond Pricing Agency Malaysia.</i>				
Income Distribution Policy	Subject to the availability of income, distribution will be paid out at least twice every year and can be in the form of cash (by telegraphic transfer) or additional units (by reinvestment into units of the Fund).				
Breakdown of Unit Holdings by Size	For the financial year under review, the size of the Fund stood at 1,029,819,649 units.				
	Size of holding	As at 31 December 2024		As at 31 December 2023	
		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	-	-	-	-
	50,001-500,000	-	-	-	-
	500,001 and above	1,029,819,649	3	738,595,403	3

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 31 December are as follows:			
		As at 31 December		
		2024 %	2023 %	2022 %
	Cagamas bond	4.65	-	-
	Corporate bonds	87.77	88.09	92.31
	Government Investment Issues	-	1.34	4.57
	Malaysian Government Securities	-	1.29	2.47
	Money market deposits and cash equivalents	7.58	9.28	0.65
	Total	100.00	100.00	100.00
		<i>Note: The abovementioned percentages are calculated based on total net asset value.</i>		
Performance Details	Performance details of the Fund for the financial years ended 31 December are as follows:			
		FYE 2024	FYE 2023	FYE 2022
	Net asset value (RM)	1,087,453,781	778,011,831	527,887,049
	Units in circulation	1,029,819,649	738,595,403	519,904,145
	Net asset value per unit (RM)	1.0560	1.0534	1.0154
	Highest net asset value per unit (RM)	1.0645	1.0541	1.0245
	Lowest net asset value per unit (RM)	1.0520	1.0172	0.9980
	Benchmark performance (%)	5.11	7.54	2.65
	Total return (%) ⁽¹⁾	4.51	6.56	2.74
	- Capital growth (%)	0.35	3.79	-0.54
	- Income distribution (%)	4.16	2.77	3.28
	Gross distributions (sen per unit)	4.38	2.81	3.35
	Net distributions (sen per unit)	4.38	2.81	3.35
	Total expense ratio (%) ⁽²⁾	0.22	0.22	0.22
	Portfolio turnover ratio (times) ⁽³⁾	0.52	0.42	0.59
	<i>Note:</i>			
	<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.</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.</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 2024 and decrease in 2023 were due mainly to investing activities.</i>			

Average Total Return (as at 31 December 2024)

	AmlInstitutional Income Bond SRI^(a) %	Benchmark^(b) %
One year	4.51	5.11
Three years	4.59	5.08
Five years	4.19	4.76
Since launch (18 February 2019)	4.73	5.27

Annual Total Return

Financial Years Ended (31 December)	AmlInstitutional Income Bond SRI^(a) %	Benchmark^(b) %
2024	4.51	5.11
2023	6.56	7.54
2022	2.74	2.65
2021	0.94	0.96
2020	6.31	7.70

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

(a) Refinitiv BPAM Corporates (3-7 years) All Bond Index + 50 bps ("Refinitiv BPAM Corps 3Y-7Y All Bond Index + 50 bps"). (Available at www.aminvest.com)

(b) Total actual return for the financial period from 18 February 2019 (date of launch) to 31 December 2019.

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.

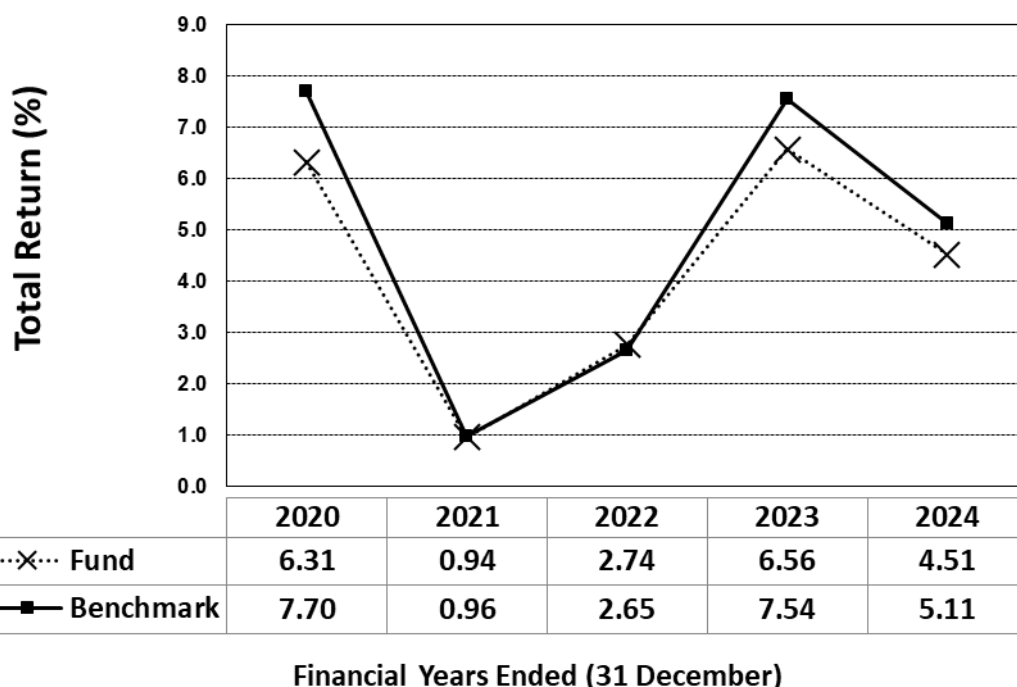
Fund Performance

For the financial year under review, the Fund registered a return of 4.51% comprising of 0.35% capital growth and 4.16% income distributions.

Thus, the Fund's return of 4.51% has underperformed the benchmark's return of 5.11% by 0.60%.

As compared with the financial year ended 31 December 2023, the net asset value ("NAV") per unit of the Fund increased by 0.25% from RM1.0534 to RM1.0560, while units in circulation increased by 39.43% from 738,595,403 units to 1,029,819,649 units.

The following line chart shows comparison between the annual performances of AmlInstitutional Income Bond SRI (formerly known as AmlInstitutional Income Bond) and its benchmark for the financial years ended 31 December.



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

Has the Fund achieved its objective?

For the financial year under review, the Fund has achieved its objective of providing income by investing primarily in fixed income instruments.

Strategies and Policies Employed

The Fund seeks to achieve its investment objective by investing up to 100% of the NAV in fixed income instruments i.e. corporate bonds or sukuk and/or government securities and any other securities guaranteed by the Malaysian government, Bank Negara Malaysia (BNM) or other related government agencies with a minimum credit rating of:

- RM-denominated fixed income instruments: A3 or its equivalent as rated by a local rating agency; and
- Non-RM-denominated fixed income instruments: BBB- or its equivalent as rated by a global rating agency.

Portfolio Structure

The table below is the asset allocation of the Fund as at 31 December 2024 and 31 December 2023.

	As at 31.12.2024 %	As at 31.12.2023 %	Changes %
Cagamas bond	4.65	-	4.65
Corporate bonds	87.77	88.09	-0.32
Government Investment Issues	-	1.34	-1.34
Malaysian Government Securities	-	1.29	-1.29
Money market deposits and cash equivalents	7.58	9.28	-1.70
Total	100.00	100.00	

As at 31 December 2024, the Fund has invested 87.77% of its NAV in the corporate bonds, 4.65% in Cagamas bonds and the balance of 7.58% in money market deposits and cash equivalents.

Cross Trade	There were no cross trades undertaken during the financial year under review.																																																				
Distributions/ Unit Splits	<p>During the financial year under review, the Fund declared income distributions, detailed as follows:</p> <table border="1"> <thead> <tr> <th>Date of distributions</th> <th>Distributions per unit RM (sen)</th> <th>NAV per unit Cum-Distributions (RM)</th> <th>NAV per unit Ex-Distributions (RM)</th> </tr> </thead> <tbody> <tr> <td>31-Jan-24</td> <td>0.36</td> <td>1.0593</td> <td>1.0557</td> </tr> <tr> <td>29-Feb-24</td> <td>0.21</td> <td>1.0595</td> <td>1.0574</td> </tr> <tr> <td>29-Mar-24</td> <td>0.68</td> <td>1.0621</td> <td>1.0553</td> </tr> <tr> <td>30-Apr-24</td> <td>0.42</td> <td>1.0563</td> <td>1.0521</td> </tr> <tr> <td>31-May-24</td> <td>0.64</td> <td>1.0584</td> <td>1.0520</td> </tr> <tr> <td>28-Jun-24</td> <td>0.10</td> <td>1.0561</td> <td>1.0551</td> </tr> <tr> <td>31-Jul-24</td> <td>0.25</td> <td>1.0609</td> <td>1.0584</td> </tr> <tr> <td>30-Aug-24</td> <td>0.17</td> <td>1.0625</td> <td>1.0608</td> </tr> <tr> <td>30-Sep-24</td> <td>0.30</td> <td>1.0649</td> <td>1.0619</td> </tr> <tr> <td>30-Oct-24</td> <td>0.29</td> <td>1.0616</td> <td>1.0587</td> </tr> <tr> <td>29-Nov-24</td> <td>0.43</td> <td>1.0618</td> <td>1.0575</td> </tr> <tr> <td>31-Dec-24</td> <td>0.53</td> <td>1.0613</td> <td>1.0560</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)	31-Jan-24	0.36	1.0593	1.0557	29-Feb-24	0.21	1.0595	1.0574	29-Mar-24	0.68	1.0621	1.0553	30-Apr-24	0.42	1.0563	1.0521	31-May-24	0.64	1.0584	1.0520	28-Jun-24	0.10	1.0561	1.0551	31-Jul-24	0.25	1.0609	1.0584	30-Aug-24	0.17	1.0625	1.0608	30-Sep-24	0.30	1.0649	1.0619	30-Oct-24	0.29	1.0616	1.0587	29-Nov-24	0.43	1.0618	1.0575	31-Dec-24	0.53	1.0613	1.0560
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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>The Malaysian bond market experienced significant volatility in 2024, closing tracking global economic conditions and United States (US) Federal Reserve (Fed) policy shifts. Despite the volatility, the Malaysian bond market has ended the year with Malaysian Government Securities (MGS) yields rose 1-4bps on the belly of the curve while the ultra-long end 20Y-30Y MGS declined by 4-6bps over the year, except for 10Y MGS which rose 11bps.</p> <p>2024 started with a sell-off in January driven by profit taking and cautious move ahead of key US economic data. Market activities remained subdued in the first quarter as the US Fed pushed back against early rate cut expectations, coupled by the strong US jobs data and higher than expected US inflation prints, the local bond market saw some sell-down in MGS in the belly of the curve. Some buying interest returned to ringgit bonds as US rates began to show some signs of stabilization, however not fully reversing the sell-off in the earlier part of February 2024. A relief rally in March provided temporary support, given the absence of hawkish guidance from the Fed reversed some defensive bets in the United States Treasuries (UST).</p> <p>In the second quarter, the market strengthened as weaker US job data and softer inflation fueled expectations of policy easing. Foreign inflows surged in July, driving MGS yields lower, but profit taking in August tempered gains despite UST continued to rally amid heighten expectation of imminent rate cut by US Fed at its upcoming meeting in September. When the US Fed announced a 50bps cut (first reduction since March 2020) in September, a broad rally occurred in global bonds. However, sentiment weakened again in October as uncertainties surrounding the US presidential election and prospect of a slower rate cut by the US Fed pushed yields</p>																																																				

	<p>higher. In terms of foreign flows, Malaysian Government Securities (MGS) and Government Investment Issue (GII) saw outflow of RM10.6 billion during the month as compared to RM0.3 billion net outflow in September.</p> <p>In November, the Malaysian bond market rallied, driven by bullish sentiment in the United States Treasury (UST) following the United States (US) presidential election. The Republican victory heightened inflation fears and dampened expectations of Federal Reserve (Fed) rate cuts, leading to a sell-off in UST post-election. However, this was partially reversed later in the month. Locally, sentiment was further supported by the Bank Negara Malaysia's (BNM) announcement to cancel the 3-year GII. December ended on a softer note with profit-taking and bearish global bond backdrop, driven by the US Fed's more hawkish policy guidance and higher-than-expected inflation expectations and partly contributed by lack of liquidity in second half of December. This is despite positive news from BNM's announcement of a smaller-than-expected final government bond auction for the year provided some support.</p> <p>Overall, Malaysian bond market demand remained supported given ample domestic liquidity. This led to tightening of credit spreads across the curve, with credit spreads of government guaranteed bonds narrowing to low to mid-single digit spread while AA3-rated corporate bonds narrowing by 2 to 18bps across the curve. The 2024 trading volume of the MGS and GII increased by 12.9% year-on-year to RM939.9 billion while corporate and quasi-sovereign bonds increased by 21.1% to RM178.9 billion.</p>
Market Outlook	The Malaysian bond market is expected to remain rangebound in the absence of significant catalysts, with Bank Negara Malaysia (BNM) maintaining the Overnight Policy Rate (OPR) at 3% throughout 2025.

Kuala Lumpur, Malaysia
AmFunds Management Berhad

18 February 2025

**Independent auditors' report to the unit holders of
AmInstitutional Income Bond SRI
(formerly known as AmInstitutional Income Bond)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AmInstitutional Income Bond SRI (*formerly known as AmInstitutional Income Bond*) (the "Fund"), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 11 to 46.

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

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *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 of the Fund (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
Amlnstitutional Income Bond SRI
(formerly known as Amlnstitutional Income Bond) (cont'd.)**

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

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

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

Responsibilities of the Manager and the Trustee for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

**Independent auditors' report to the unit holders of
Amlnstitutional Income Bond SRI
(formerly known as Amlnstitutional Income Bond) (cont'd.)**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Fund whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements 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
AmInstitutional Income Bond SRI
(formerly known as AmInstitutional Income Bond) (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 the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

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

Kuala Lumpur, Malaysia
18 February 2025

AmlInstitutional Income Bond SRI
(formerly known as AmlInstitutional Income Bond)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 RM	2023 RM
ASSETS			
Investments	4	1,005,060,481	705,804,172
Deposits with licensed financial institution	5	50,067,397	30,131,507
Interest receivables		212,038	158,752
Cash at banks		37,792,132	42,888,350
TOTAL ASSETS		<u>1,093,132,048</u>	<u>778,982,781</u>
LIABILITIES			
Amount due to Manager	6	202,680	140,307
Amount due to Trustee	7	9,243	9,888
Distribution payables		5,458,044	812,455
Sundry payables and accruals		8,300	8,300
TOTAL LIABILITIES		<u>5,678,267</u>	<u>970,950</u>
NET ASSET VALUE (“NAV”) OF THE FUND		<u>1,087,453,781</u>	<u>778,011,831</u>
EQUITY			
Unit holders’ capital	9(a)	1,070,868,493	762,532,675
Retained earnings	9(b)(c)	16,585,288	15,479,156
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	9	<u>1,087,453,781</u>	<u>778,011,831</u>
UNITS IN CIRCULATION	9(a)	<u>1,029,819,649</u>	<u>738,595,403</u>
NAV PER UNIT (RM)		<u>1.0560</u>	<u>1.0534</u>

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

AmlInstitutional Income Bond SRI
(formerly known as AmlInstitutional Income Bond)

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

	Note	2024 RM	2023 RM
INVESTMENT INCOME			
Interest income		38,104,953	25,287,445
Net gains from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	<u>2,944,600</u>	<u>14,089,489</u>
		<u>41,049,553</u>	<u>39,376,934</u>
EXPENDITURE			
Manager’s fee	6	(1,833,998)	(1,203,413)
Trustee’s fee	7	(118,247)	(90,256)
Audit fee		(5,000)	(5,000)
Tax agent’s fee		(3,300)	(3,300)
Other expenses		<u>(1,469)</u>	<u>(1,421)</u>
		<u>(1,962,014)</u>	<u>(1,303,390)</u>
Net income before taxation		39,087,539	38,073,544
Taxation	11	<u>-</u>	<u>-</u>
Net income after taxation, representing total comprehensive income for the financial year		<u>39,087,539</u>	<u>38,073,544</u>
Total comprehensive income comprises the following:			
Realised income		40,080,608	24,498,324
Unrealised (loss)/gain		<u>(993,069)</u>	<u>13,575,220</u>
		<u>39,087,539</u>	<u>38,073,544</u>
Distributions for the financial year			
Net distributions	12	<u>37,981,407</u>	<u>16,484,473</u>
Gross distributions per unit (sen)	12	<u>4.38</u>	<u>2.81</u>
Net distributions per unit (sen)	12	<u>4.38</u>	<u>2.81</u>

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

AmlInstitutional Income Bond SRI
(formerly known as AmlInstitutional Income Bond)

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

	Note	Unit holders' capital RM	Retained earnings/ (Accumulated losses) RM	Total equity RM
At 1 January 2024		762,532,675	15,479,156	778,011,831
Total comprehensive income for the financial year		-	39,087,539	39,087,539
Creation of units	9(a)	275,000,000	-	275,000,000
Reinvestment of distributions		33,335,818	-	33,335,818
Distributions	12	-	(37,981,407)	(37,981,407)
Balance at 31 December 2024		<u>1,070,868,493</u>	<u>16,585,288</u>	<u>1,087,453,781</u>
At 1 January 2023		533,996,964	(6,109,915)	527,887,049
Total comprehensive income for the financial year		-	38,073,544	38,073,544
Creation of units	9(a)	211,200,000	-	211,200,000
Reinvestment of distributions		17,335,711	-	17,335,711
Distributions	12	-	(16,484,473)	(16,484,473)
Balance at 31 December 2023		<u>762,532,675</u>	<u>15,479,156</u>	<u>778,011,831</u>

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

AmlInstitutional Income Bond SRI
(formerly known as AmlInstitutional Income Bond)

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

	Note	2024 RM	2023 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of investments		327,067,795	168,394,180
Proceeds from maturity of deposits		30,000,000	-
Purchases of investments		(622,397,300)	(335,387,200)
Placement of deposits		-	(30,000,000)
Interest received		37,200,970	24,727,981
Manager's fee paid		(1,771,625)	(1,164,245)
Trustee's fee paid		(118,892)	(86,876)
Tax agent's fee paid		(3,300)	(3,300)
Payments for other expenses		(6,469)	(6,421)
Net cash used in operating and investing activities		<u>(230,028,821)</u>	<u>(173,525,881)</u>
CASH FLOW FROM FINANCING ACTIVITY			
Proceeds from creation of units		<u>275,000,000</u>	<u>211,200,000</u>
Net cash generated from financing activity		<u>275,000,000</u>	<u>211,200,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		44,971,179	37,674,119
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>42,888,350</u>	<u>5,214,231</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		<u><u>87,859,529</u></u>	<u><u>42,888,350</u></u>
Cash and cash equivalents comprise:			
Short-term deposits with licensed financial institution	5	50,067,397	-
Cash at banks		<u>37,792,132</u>	<u>42,888,350</u>
		<u><u>87,859,529</u></u>	<u><u>42,888,350</u></u>

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

AmInstitutional Income Bond SRI
(formerly known as AmInstitutional Income Bond)

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

1. GENERAL INFORMATION

AmInstitutional Income Bond SRI (the “Fund”) was established pursuant to a Deed dated 9 January 2019, as amended by Deeds supplemental thereto (the “Deeds”) between AmFunds Management Berhad as the Manager, AmanahRaya Trustees Berhad as the Trustee and all unit holders. By a First Supplemental Deed dated 8 March 2024, the Fund has changed its name from AmInstitutional Income Bond to AmInstitutional Income Bond SRI.

The Fund seeks to provide income and to a lesser extent capital appreciation by investing primarily in fixed income instruments. As provided in the Deeds, the financial year shall end on 31 December and the units in the Fund were first offered for sale on 18 February 2019.

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Standards effective during the financial year

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

Description	Effective for financial periods beginning on or after
Amendments to MFRS 16 <i>Leases: Lease Liability in a Sale and Leaseback*</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements: Non-Current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 <i>Statement of Cash Flows</i> and MFRS 7 <i>Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024

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

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

Standards issued but not yet effective

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

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

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

3. SUMMARY OF ACCOUNTING POLICIES

3.1 Income recognition

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

(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.

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

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

3.1 Income recognition (cont'd.)

(i) Interest income (cont'd.)

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

(ii) Gain or loss on disposal of investments

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

3.2 Income tax

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

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

3.3 Functional and presentation currency

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

3.4 Statement of cash flows

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

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

3.5 Distribution

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

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

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

3.6 Unit holders' capital

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

3.7 Financial instruments – initial recognition and measurement

(i) Initial recognition

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

(ii) Initial measurement

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

(iii) "Day 1" profit or loss

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

3.8 Financial assets

Classification and measurement

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

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

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

3.8 Financial assets (cont'd.)

Classification and measurement (cont'd.)

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.

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 assets. 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.

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

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

3.8 Financial assets (cont'd.)

Classification and measurement (cont'd.)

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

Financial assets at FVOCI (cont'd.)

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.

3.9 Financial liabilities – classification and subsequent measurement

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

3.10 Derecognition of financial instruments

(i) Derecognition of financial asset

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

- the rights to receive cash flows from the asset have expired, or
- the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:
 - the Fund has transferred substantially all the risks and rewards of the asset, or

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

3.10 Derecognition of financial instruments (cont'd.)

(i) Derecognition of financial asset (cont'd.)

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

- 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.

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

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

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

3.12 Determination of fair value

For investments in fixed income securities, nominal value is the face value of the securities and fair value is determined based on the indicative prices from Bond Pricing Agency Malaysia Sdn. Bhd. plus accrued interest, which includes the accretion of discount and amortisation of premium. Adjusted cost of investments relates to the purchased cost plus accrued interest, adjusted for amortisation of premium and accretion of discount, if any, calculated over the period from the date of acquisition to the date of maturity of the respective securities as approved by the Manager and the Trustee. The difference between adjusted cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gains or losses recognised in profit or loss are not distributable in nature.

3.13 Classification of realised and unrealised gains and losses

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the reporting period.

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

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

3.13 Classification of realised and unrealised gains and losses (cont'd.)

Realised gains and losses on disposals of financial instruments classified at FVTPL are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

3.14 Significant accounting estimates and judgments

The preparation of the Fund's financial statements requires the Manager to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

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

	2024	2023
	RM	RM
Financial assets at FVTPL		
At nominal value:		
Corporate bonds	930,200,000	664,050,000
Cagamas bond	50,000,000	-
Government Investment Issues	-	10,000,000
Malaysian Government Securities	-	10,000,000
	<u>980,200,000</u>	<u>684,050,000</u>
At fair value:		
Corporate bonds	954,486,789	685,360,067
Cagamas bond	50,573,692	-
Government Investment Issues	-	10,403,917
Malaysian Government Securities	-	10,040,188
	<u>1,005,060,481</u>	<u>705,804,172</u>

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

4. INVESTMENTS (CONT'D.)

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

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Corporate bonds						
30.04.2025	Southern Power Generation Sdn. Bhd.	AA	5,000,000	5,061,665	5,060,154	0.47
19.09.2025	UEM Sunrise Berhad	AA	22,200,000	22,535,305	22,459,073	2.07
12.11.2025	CIMB Group Holdings Berhad	AA	15,000,000	14,988,676	15,064,726	1.38
03.12.2025	CIMB Group Holdings Berhad	A	10,000,000	10,001,703	10,028,603	0.92
09.03.2026	BGSM Management Sdn. Bhd.	AA	5,000,000	5,174,048	5,166,449	0.48
20.05.2026	UEM Sunrise Berhad	AA	5,000,000	5,077,566	4,971,172	0.47
26.06.2026	Toyota Capital Malaysia Sdn. Bhd.	AAA	25,000,000	25,429,664	25,296,242	2.34
21.08.2026	Sime Darby Property Berhad	AA	5,000,000	5,098,134	5,074,334	0.47
09.10.2026	Edra Solar Sdn. Bhd.	AA	5,000,000	5,093,425	5,049,425	0.47
11.12.2026	DRB-HICOM Berhad	AA	10,000,000	10,199,575	10,026,575	0.94
05.01.2027	Edra Energy Sdn. Bhd.	AA	5,000,000	5,338,526	5,377,831	0.49
08.04.2027	MMC Port Holdings Sdn. Bhd.	AA	5,000,000	5,103,983	5,069,393	0.47

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NOTES TO THE FINANCIAL STATEMENTS
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4. INVESTMENTS (CONT'D.)

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

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Corporate bonds (cont'd.)						
30.04.2027	Southern Power Generation Sdn. Bhd.	AA	10,000,000	10,335,401	10,136,998	0.95
28.05.2027	EXSIM Capital Resources Berhad	AA	10,000,000	10,138,730	10,073,608	0.93
30.06.2027	PONSB Capital Berhad	AA	10,000,000	10,269,734	10,002,734	0.94
02.07.2027	Malayan Cement Berhad	AA	40,000,000	40,985,742	40,868,874	3.77
05.07.2027	Edra Energy Sdn. Bhd.	AA	5,000,000	5,384,766	5,429,505	0.50
20.07.2027	Bank Muamalat Malaysia Berhad	A	10,000,000	10,479,479	10,238,679	0.96
26.07.2027	Affin Bank Berhad	A	10,000,000	10,383,908	10,217,808	0.96
12.08.2027	Gamuda Land (T12) Sdn. Bhd.	AA	5,000,000	5,051,895	5,072,945	0.47
13.08.2027	Malaysian Resources Corporation Berhad	AA	10,000,000	10,180,714	10,187,093	0.94
27.08.2027	Celcom Networks Sdn. Bhd.	AAA	5,000,000	5,264,641	5,245,798	0.48
27.08.2027	Pelabuhan Tanjung Pelepas Sdn. Bhd.	AA	24,000,000	23,930,683	24,273,403	2.20

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NOTES TO THE FINANCIAL STATEMENTS
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4. INVESTMENTS (CONT'D.)

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

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Corporate bonds (cont'd.)						
03.09.2027	YTL Power International Berhad	AA	5,000,000	5,232,030	5,179,150	0.48
09.09.2027	Edotco Malaysia Sdn. Bhd.	AA	10,000,000	10,245,464	10,187,291	0.94
04.10.2027	Johor Port Berhad	AA	10,000,000	10,439,956	10,124,356	0.96
11.10.2027	Gamuda Land (T12) Sdn. Bhd.	AA	2,000,000	2,032,511	2,018,871	0.19
22.10.2027	Westports Malaysia Sdn. Bhd.	AAA	5,000,000	5,177,789	5,295,837	0.48
27.10.2027	United Overseas Bank (Malaysia) Bhd.	AA	15,000,000	15,533,158	15,498,890	1.43
12.11.2027	MMC Corporation Berhad	AA	5,000,000	5,305,253	5,203,286	0.49
26.11.2027	Eco World Capital Berhad	AA	25,000,000	25,097,935	25,092,685	2.31
05.01.2028	Edra Energy Sdn. Bhd.	AA	10,000,000	10,859,911	10,625,862	1.00
12.01.2028	Projek Lebuhraya Usahasama Berhad	AAA	10,000,000	10,382,344	10,421,003	0.95
17.03.2028	Petroleum Sarawak Exploration & Production Sdn. Bhd.	AAA	15,000,000	15,122,361	15,247,878	1.39

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

4. INVESTMENTS (CONT'D.)

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

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Corporate bonds (cont'd.)						
24.03.2028	MMC Corporation Berhad	AA	10,000,000	10,657,779	10,590,381	0.98
28.04.2028	OSK Rated Bond Sdn. Bhd.	AA	15,000,000	15,309,409	15,118,943	1.41
23.06.2028	Affin Bank Berhad	A	1,000,000	1,031,316	1,032,710	0.09
24.08.2028	YTL Power International Berhad	AA	10,000,000	10,547,392	10,496,217	0.97
15.09.2028	Perbadanan Kemajuan Negeri Selangor	AA	10,000,000	10,395,845	10,221,275	0.96
10.10.2028	Mercedes-Benz Services Malaysia Sdn. Bhd.	AAA	10,000,000	10,048,111	10,086,411	0.92
18.10.2028	Malaysian Resources Corporation Berhad	AA	15,000,000	15,589,784	15,594,207	1.43
26.10.2028	SMJ Energy Sdn. Bhd. (f.k.a SMJ Sdn. Bhd.)	AAA	5,000,000	5,099,614	5,037,664	0.47
31.10.2028	Southern Power Generation Sdn. Bhd.	AA	10,000,000	10,471,037	10,342,327	0.96
17.11.2028	RHB Bank Berhad	AA	15,000,000	15,358,350	15,079,200	1.41

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

4. INVESTMENTS (CONT'D.)

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

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Corporate bonds (cont'd.)						
29.11.2028	AFA Prime Berhad (f.k.a. ANIH Berhad)	AA	15,000,000	15,925,870	15,967,404	1.46
30.11.2028	CIMB Islamic Bank Berhad	AAA	15,000,000	15,130,118	15,054,518	1.39
01.12.2028	AEON Credit Service (M) Sdn. Bhd.	AA	15,000,000	15,299,363	15,086,867	1.41
28.12.2028	PONSB Capital Berhad	AA	5,000,000	5,181,809	5,077,998	0.48
31.01.2029	Malayan Banking Berhad	AA	20,000,000	20,354,466	20,340,066	1.87
12.02.2029	Bank Simpanan Nasional Berhad	AAA	5,000,000	5,083,310	5,074,260	0.47
07.03.2029	Point Zone (M) Sdn. Bhd.	AA	5,000,000	5,191,323	5,071,523	0.48
22.03.2029	MNRB Holdings Berhad	A	5,000,000	5,131,496	5,061,096	0.47
27.03.2029	CIMB Islamic Bank Berhad	AAA	5,000,000	5,043,162	5,050,762	0.46
06.04.2029	MMC Port Holdings Sdn. Bhd.	AA	10,000,000	10,356,221	10,168,309	0.95
20.04.2029	S P Setia Berhad	AA	16,000,000	16,556,353	16,147,393	1.52

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4. INVESTMENTS (CONT'D.)

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

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Corporate bonds (cont'd.)						
30.04.2029	Southern Power Generation Sdn. Bhd.	AA	5,000,000	5,258,827	5,178,556	0.48
08.05.2029	Affin Bank Berhad	AA	7,500,000	7,549,318	7,545,493	0.69
31.05.2029	GENM Capital Berhad	AA	10,000,000	10,050,282	10,044,482	0.92
28.06.2029	CIMB Group Holdings Berhad	A	25,000,000	25,071,404	25,005,904	2.31
29.06.2029	PONSB Capital Berhad	AA	5,000,000	5,267,955	5,001,455	0.48
29.06.2029	Tenaga Nasional Berhad	AAA	20,000,000	20,681,784	20,768,336	1.90
13.07.2029	Bank Islam Malaysia Berhad	AA	45,000,000	45,982,202	45,840,452	4.23
10.08.2029	Alliance Islamic Bank Berhad	A	5,000,000	5,064,397	5,076,447	0.47
16.08.2029	AEON Co. (M) Berhad	AA	10,000,000	10,142,933	10,192,787	0.93
07.09.2029	Edotco Malaysia Sdn. Bhd.	AA	25,000,000	25,861,935	25,772,673	2.38
04.10.2029	Johor Port Berhad	AA	5,000,000	5,343,817	5,064,616	0.49

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4. INVESTMENTS (CONT'D.)

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

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Corporate bonds (cont'd.)						
30.11.2029	MMC Corporation Berhad	AA	10,000,000	10,623,022	10,069,746	0.98
12.12.2029	DRB-HICOM Berhad	AA	10,000,000	10,476,445	10,160,099	0.96
04.01.2030	Edra Energy Sdn. Bhd.	AA	15,000,000	16,826,893	16,310,110	1.55
11.01.2030	Projek Lebuhraya Usahasama Berhad	AAA	5,000,000	5,249,990	5,148,786	0.48
29.03.2030	TNB Power Generation Sdn. Bhd.	AAA	2,500,000	2,577,690	2,527,390	0.24
03.05.2030	UDA Holdings Berhad	AA	15,000,000	15,535,422	15,332,201	1.43
16.08.2030	Toyota Capital Malaysia Sdn. Bhd.	AAA	15,000,000	15,360,789	15,309,992	1.41
25.10.2030	SMJ Energy Sdn. Bhd. (f.k.a SMJ Sdn. Bhd.)	AAA	5,000,000	5,162,995	5,039,445	0.47
29.11.2030	CIMB Islamic Bank Berhad	AAA	10,000,000	10,233,567	10,038,967	0.94
27.03.2031	CIMB Islamic Bank Berhad	AAA	5,000,000	5,076,597	5,052,997	0.47
09.05.2031	UDA Holdings Berhad	AA	5,000,000	5,110,042	5,061,697	0.47

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4. INVESTMENTS (CONT'D.)

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

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Corporate bonds (cont'd.)						
19.06.2031	AmBank (M) Berhad*	AA	15,000,000	15,058,804	15,021,904	1.38
27.06.2031	Digi Telecommunications Sdn. Bhd.	AAA	45,000,000	44,942,326	45,186,275	4.13
12.08.2031	Alliance Bank Malaysia Berhad	A	5,000,000	5,068,475	5,078,975	0.47
26.09.2031	Johor Plantations Group Berhad	AA	10,000,000	10,119,301	10,106,301	0.93
07.11.2031	Bank Simpanan Nasional Berhad	AAA	10,000,000	10,090,774	10,060,274	0.93
Total corporate bonds			930,200,000	954,486,789	947,982,422	87.77
Cagamas bond						
02.05.2031	Cagamas Berhad	AAA	50,000,000	50,573,692	50,688,514	4.65
Total Cagamas bond			50,000,000	50,573,692	50,688,514	4.65
Total financial assets at FVTPL			980,200,000	1,005,060,481	998,670,936	92.42
Excess of fair value over adjusted cost				6,389,545		

The weighted average effective yield on investments are as follows:

	Effective yield	
	2024	2023
	%	%
Corporate bonds	4.02	4.15
Cagamas bond	3.94	3.61

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4. INVESTMENTS (CONT'D.)

Analysis of the remaining maturity of investments as at 31 December 2024 and 31 December 2023 are as follows:

	Less than 1 year RM	1 year to 5 years RM	More than 5 years RM
2024			
At nominal value:			
Corporate bonds	52,200,000	715,500,000	162,500,000
Cagamas bond	-	-	50,000,000
	<u> </u>	<u> </u>	<u> </u>
2023			
At nominal value:			
Corporate bonds	35,000,000	490,800,000	138,250,000
Government Investment Issues	-	10,000,000	-
Malaysian Government Securities	-	10,000,000	-
	<u> </u>	<u> </u>	<u> </u>

5. DEPOSITS WITH LICENSED FINANCIAL INSTITUTION

	2024 RM	2023 RM
At nominal value:		
Fixed deposits	-	30,000,000
Short-term deposits	50,000,000	-
	<u> </u>	<u> </u>
	50,000,000	30,000,000
At carrying value:		
Fixed deposits	-	30,131,507
Short-term deposits	50,067,397	-
	<u> </u>	<u> </u>
	50,067,397	30,131,507

Maturity date	Financial institution	Nominal value RM	Carrying value RM	Carrying value as a percentage of NAV %
2024				
Short-term deposits				
21.03.2025	Public Bank Berhad	<u>50,000,000</u>	<u>50,067,397</u>	<u>4.60</u>

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

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	
	2024 %	2023 %	2024 Days	2023 Days
Fixed deposits	-	4.00	-	53
Short-term deposits	4.10	-	80	-

6. AMOUNT DUE TO MANAGER

	2024 RM	2023 RM
Due to Manager		
Manager's fee payable	202,680	140,307

Manager's fee is at a rate of 0.20% (2023: 0.20%) per annum on the NAV of the Fund, calculated on a daily basis.

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

7. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of up to 0.20% (2023: 0.015%) per annum on the NAV of the Fund, calculated on a daily basis.

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

8. NET GAINS FROM INVESTMENTS

	2024 RM	2023 RM
Net gains on financial assets at FVTPL comprised:		
- Net realised gains on sale of investments	3,937,669	514,269
- Net unrealised (loss)/gain on changes in fair value of investments	(993,069)	13,575,220
	<u>2,944,600</u>	<u>14,089,489</u>

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9. TOTAL EQUITY

Total equity is represented by:

	Note	2024 RM	2023 RM
Unit holders' capital	(a)	1,070,868,493	762,532,675
Retained earnings			
– Realised income	(b)	10,195,743	8,096,542
– Unrealised gains	(c)	6,389,545	7,382,614
		<u>1,087,453,781</u>	<u>778,011,831</u>

(a) Unit holders' capital/Units in circulation

	2024		2023	
	Number of units	RM	Number of units	RM
At beginning of the financial year	738,595,403	762,532,675	519,904,145	533,996,964
Creation during the financial year	259,664,727	275,000,000	201,929,151	211,200,000
Reinvestment of distributions	31,559,519	33,335,818	16,762,107	17,335,711
At end of the financial year	<u>1,029,819,649</u>	<u>1,070,868,493</u>	<u>738,595,403</u>	<u>762,532,675</u>

(b) Realised - distributable

	2024 RM	2023 RM
At beginning of the financial year	8,096,542	82,691
Net realised income for the financial year	40,080,608	24,498,324
Distributions out of realised income (Note 12)	(37,981,407)	(16,484,473)
At end of the financial year	<u>10,195,743</u>	<u>8,096,542</u>

(c) Unrealised – non-distributable

	2024 RM	2023 RM
At beginning of the financial year	7,382,614	(6,192,606)
Net unrealised (loss)/gain for the financial year	(993,069)	13,575,220
At end of the financial year	<u>6,389,545</u>	<u>7,382,614</u>

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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 other related party as at 31 December 2024 and 31 December 2023.

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

	2024	2023
	RM	RM
(i) Significant related party transactions		
<u>AmBank (M) Berhad</u>		
Interest Income	<u>1,530,704</u>	<u>1,462,460</u>
(ii) Significant related party balances		
<u>AmBank (M) Berhad</u>		
Cash at banks	<u>37,792,132</u>	<u>42,888,350</u>

11. TAXATION

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

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11. TAXATION (CONT'D.)

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

	2024	2023
	RM	RM
Net income before taxation	<u>39,087,539</u>	<u>38,073,544</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	9,381,009	9,137,651
Tax effects of:		
Income not subject to tax	(10,090,229)	(9,450,464)
Losses not allowed for tax deduction	238,337	-
Restriction on tax deductible expenses	397,223	261,022
Non-permitted expenses for tax purposes	29,524	22,789
Permitted expenses not used and not available for future financial years	<u>44,136</u>	<u>29,002</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

12. DISTRIBUTIONS

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

	2024	2023
	RM	RM
Gross distributions per unit (sen)	<u>4.38</u>	<u>2.81</u>
Net distributions per unit (sen)	<u>4.38</u>	<u>2.81</u>

Financial year ended 31 December 2024

Distributions	Gross	Net	Total
Ex-date	distributions	distributions	distributions
	per unit	per unit	RM
	RM (sen)	RM (sen)	
31 January 2024	0.36	0.36	2,661,721
29 February 2024	0.21	0.21	1,557,965
29 March 2024	0.68	0.68	5,054,859
30 April 2024	0.42	0.42	3,142,237
31 May 2024	0.64	0.64	4,807,284
28 June 2024	0.10	0.10	826,764
31 July 2024	0.25	0.25	2,304,919
30 August 2024	0.17	0.17	1,731,168
30 September 2024	0.30	0.30	3,059,898
30 October 2024	0.29	0.29	2,966,257
29 November 2024	0.43	0.43	4,410,291
31 December 2024	<u>0.53</u>	<u>0.53</u>	<u>5,458,044</u>
	<u>4.38</u>	<u>4.38</u>	<u>37,981,407</u>

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12. DISTRIBUTIONS (CONT'D.)

Financial year ended 31 December 2023

Distributions Ex-date	Gross distributions per unit RM (sen)	Net distributions per unit RM (sen)	Total distributions RM
31 January 2023	0.34	0.34	1,773,245
28 February 2023	0.29	0.29	1,531,673
31 March 2023	0.33	0.33	1,747,868
28 April 2023	0.42	0.42	2,231,698
31 July 2023	0.19	0.19	1,013,698
30 August 2023	0.16	0.16	855,197
29 September 2023	0.19	0.19	1,198,571
31 October 2023	0.40	0.40	2,527,887
30 November 2023	0.38	0.38	2,792,181
29 December 2023	0.11	0.11	812,455
	2.81	2.81	16,484,473

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 31 December 2024 were proposed before taking into account the net unrealised loss of RM993,069 arising during the financial year which is carried forward to the next financial year.

All distributions during the current financial year were sourced from realised income. There were no distributions out of capital.

13. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	2024 % p.a.	2023 % p.a.
Manager’s fee	0.20	0.20
Trustee’s fee	0.02	0.02
Fund’s other expenses	-*	-*
Total MER	0.22	0.22

* 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.

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14. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investments to the average NAV of the Fund calculated on a daily basis, is 0.52 times (2023: 0.42 times).

15. SEGMENTAL REPORTING

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

16. TRANSACTIONS WITH BROKERS

Details of transactions with brokers for the financial year ended 31 December 2024 are as follows:

	Transactions value	
	RM	%
Malayan Banking Berhad	1,508,968,000	58.37
CIMB Bank Berhad	279,616,199	10.82
Public Bank Berhad	189,465,000	7.33
RHB Investment Bank Berhad	155,346,384	6.01
Bank Islam Malaysia Berhad	85,211,389	3.30
AmBank (M) Berhad*	61,456,804	2.38
CIMB Islamic Bank Berhad	50,352,781	1.95
Hong Leong Investment Bank Berhad	49,218,715	1.90
Hong Leong Islamic Bank Berhad	37,001,334	1.43
United Overseas Bank (Malaysia) Bhd.	36,758,704	1.42
Others#	131,561,556	5.09
Total	<u>2,584,956,866</u>	<u>100.00</u>

* A financial institution related to the Manager.

Included in the category of others are transactions amounting to RM30,000,000 and RM15,000,000 with related parties, AmBank Islamic Berhad and AmlInvestment Bank Berhad respectively.

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

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

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17. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial 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
2024				
Financial assets				
Investments	1,005,060,481	-	-	1,005,060,481
Deposits with licensed financial institution	-	50,067,397	-	50,067,397
Interest receivable	-	212,038	-	212,038
Cash at banks	-	37,792,132	-	37,792,132
Total financial assets	1,005,060,481	88,071,567	-	1,093,132,048
Financial liabilities				
Amount due to Manager	-	-	202,680	202,680
Amount due to Trustee	-	-	9,243	9,243
Distribution payable	-	-	5,458,044	5,458,044
Total financial liabilities	-	-	5,669,967	5,669,967
2023				
Financial assets				
Investments	705,804,172	-	-	705,804,172
Deposits with licensed financial institution	-	30,131,507	-	30,131,507
Interest receivable	-	158,752	-	158,752
Cash at banks	-	42,888,350	-	42,888,350
Total financial assets	705,804,172	73,178,609	-	778,982,781

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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
2023 (cont'd.)				
Financial liabilities				
Amount due to Manager	-	-	140,307	140,307
Amount due to Trustee	-	-	9,888	9,888
Distribution payable	-	-	812,455	812,455
Total financial liabilities	-	-	962,650	962,650
			Income, expenses, gains and losses	
			2024	2023
			RM	RM
Net gains from financial assets at FVTPL			2,944,600	14,089,489
Income, of which derived from:				
– Interest income from financial assets at FVTPL			36,132,493	23,664,152
– Interest income from financial assets at amortised cost			1,972,460	1,623,293

(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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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
2024				
Financial assets at FVTPL	-	1,005,060,481	-	1,005,060,481
	<u>-</u>	<u>1,005,060,481</u>	<u>-</u>	<u>1,005,060,481</u>
2023				
Financial assets at FVTPL	-	705,804,172	-	705,804,172
	<u>-</u>	<u>705,804,172</u>	<u>-</u>	<u>705,804,172</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 institution
- Interest receivables
- Cash at banks
- Amount due to Manager
- Amount due to Trustee
- Distribution payables

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.

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

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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 institution 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:

Parallel shift in yield curve by:	Sensitivity of the Fund's NAV, or theoretical value	
	2024 RM	2023 RM
+100 bps	(34,662,647)	(24,098,152)
-100 bps	<u>35,209,032</u>	<u>24,859,414</u>

(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 licensed financial institutions defaulting on its repayment obligations which in turn would affect the NAV of the Fund.

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

(b) Credit risk (cont'd.)

(i) Credit quality of financial assets

The following table analyses the Fund's portfolio of debt securities by rating category as at 31 December 2024 and 31 December 2023:

Credit rating	RM	As a % of debt securities	As a % of NAV
2024			
AAA	271,731,318	27.04	24.97
AA	661,096,985	65.77	60.80
A	72,232,178	7.19	6.65
	<u>1,005,060,481</u>	<u>100.00</u>	<u>92.42</u>
2023			
AAA	151,831,829	21.51	19.51
AA	461,705,798	65.41	59.35
A	71,822,440	10.18	9.23
NR	20,444,105	2.90	2.63
	<u>705,804,172</u>	<u>100.00</u>	<u>90.72</u>

For deposits with licensed financial institution, the Fund only makes placements with licensed financial institution with sound rating of P1/MARC-1 and above. The following table presents the Fund's portfolio of deposits by rating category as at 31 December 2024 and 31 December 2023:

Credit rating	RM	As a % of deposits	As a % of NAV
2024			
P1/MARC-1	<u>50,067,397</u>	<u>100.00</u>	<u>4.60</u>
2023			
P1/MARC-1	<u>30,131,507</u>	<u>100.00</u>	<u>3.87</u>

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

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

(b) Credit risk (cont'd.)

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

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 31 December 2024 and 31 December 2023:

Sector	RM	As a % of debt securities	As a % of NAV
2024			
Communications services	91,488,414	9.10	8.41
Consumer discretionary	61,588,733	6.13	5.66
Consumer staples	10,119,301	1.01	0.93
Energy and utilities	139,054,317	13.83	12.79
Financial services	384,565,029	38.26	35.36
Health care and social work	5,191,323	0.52	0.48
Industrials	66,756,240	6.64	6.14
Real estate	127,800,417	12.72	11.75
Transportation and storage	118,496,707	11.79	10.90
	<u>1,005,060,481</u>	<u>100.00</u>	<u>92.42</u>
2023			
Communications services	20,726,937	2.94	2.66
Consumer discretionary	56,092,875	7.95	7.21
Energy and utilities	166,137,420	23.53	21.34
Financial services	198,255,670	28.09	25.47
Health care and social work	5,198,978	0.74	0.67
Public administration	20,444,105	2.90	2.63
Real estate	135,960,308	19.26	17.49
Transportation and storage	102,987,879	14.59	13.25
	<u>705,804,172</u>	<u>100.00</u>	<u>90.72</u>

(c) Liquidity risk

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

Amlnstitutional Income Bond SRI
(formerly known as Amlnstitutional Income Bond)

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

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

(c) Liquidity risk (cont'd.)

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

The Fund's financial liabilities have contractual maturities of not more than six months.

The following table presents the undiscounted contractual cash flows from different financial assets and financial liabilities classes in the Fund:

	Contractual cash flows (undiscounted)					
	0 – 1	1 – 2	2 – 3	3 – 4	4 – 5	More than
	year	years	years	years	years	5 years
	RM	RM	RM	RM	RM	RM
2024						
Financial assets						
Investments	95,839,085	96,198,837	264,443,497	213,631,333	266,177,127	224,032,879
Deposits with licensed financial institution	50,511,096	-	-	-	-	-
Interest receivable	212,038	-	-	-	-	-
Cash at banks	37,792,132	-	-	-	-	-
Total financial assets	184,354,351	96,198,837	264,443,497	213,631,333	266,177,127	224,032,879

Amlnstitutional Income Bond SRI
(formerly known as Amlnstitutional Income Bond)

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

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 financial assets and financial liabilities 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
2024 (cont'd.)						
Financial liabilities						
Amount due to Manager	202,680	-	-	-	-	-
Amount due to Trustee	9,243	-	-	-	-	-
Distribution payable	5,458,044	-	-	-	-	-
Total financial liabilities	5,669,967	-	-	-	-	-
2023						
Financial assets						
Investments	66,080,372	80,074,353	127,602,246	209,138,523	188,802,100	145,386,355
Deposits with licensed financial institution	30,302,466	-	-	-	-	-
Interest receivable	158,752	-	-	-	-	-
Cash at banks	42,888,350	-	-	-	-	-
Total financial assets	139,429,940	80,074,353	127,602,246	209,138,523	188,802,100	145,386,355
Financial liabilities						
Amount due to Manager	140,307	-	-	-	-	-
Amount due to Trustee	9,888	-	-	-	-	-
Distribution payable	812,455	-	-	-	-	-
Total financial liabilities	962,650	-	-	-	-	-

AmlInstitutional Income Bond SRI
(formerly known as AmlInstitutional Income Bond)

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

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 their respective internal policies, the Deeds, securities laws or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the Fund.

19. CAPITAL MANAGEMENT

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

The Fund's objectives for managing capital are:

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

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

AmInstitutional Income Bond SRI
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STATEMENT BY THE MANAGER

I, Goh Wee Peng, being the Director of and on behalf of the Board of Directors of AmFunds Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with MFRS Accounting Standards and IFRS Accounting Standards so as to give a true and fair view of the financial position of AmInstitutional Income Bond SRI (*formerly known as AmInstitutional Income Bond*) (the “Fund”) as at 31 December 2024 and of the comprehensive income, the changes in equity and cash flows for the financial year then ended.

For and on behalf of the Manager

GOH WEE PENG
Executive Director

Kuala Lumpur, Malaysia
18 February 2025

TRUSTEE'S REPORT

To the unit holders of **AMINSTITUTIONAL INCOME BOND SRI (FORMERLY KNOWN AS AMINSTITUTIONAL INCOME BOND)** ("Fund"),

We have acted as Trustee of the Fund for the financial year ended 31 December 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AMFUNDS MANAGEMENT BERHAD has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework;
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 requirements.

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

For **AMANAHRAYA TRUSTEES BERHAD**

ZAINUDIN BIN SUHAIMI
Chief Executive Officer
Date: 13 February 2025

DIRECTORY

Head Office

9th & 10th Floor, Bangunan AmBank Group
55, Jalan Raja Chulan, 50200 Kuala Lumpur
Tel: (03) 2032 2888 Facsimile: (03) 2031 5210
Email: enquiries@aminvest.com

Postal Address

AmFunds Management Berhad
P.O Box 13611, 50816 Kuala Lumpur

*For enquiries about this or any of the other Funds offered by AmFunds Management Berhad
Please call 2032 2888 between 8.45 a.m. to 5.45 p.m. (Monday to Thursday),
Friday (8.45 a.m. to 5.00 p.m.)*

