

Annual Report for

# AmIslamic China Equity Fund

31 October 2024



**AmInvest**

Growing Your Investments in a Changing World

## TRUST DIRECTORY

### **Manager**

AmIslamic Funds Management Sdn Bhd  
9<sup>th</sup> & 10<sup>th</sup> Floor, Bangunan AmBank Group  
55 Jalan Raja Chulan  
50200 Kuala Lumpur

### **Shariah Adviser**

Amanie Advisors Sdn Bhd

### **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 Unitholder,

We are pleased to present you the Manager's report and the audited accounts of Amlslamic China Equity Fund ("Fund") for the financial year ended 31 October 2024.

### Salient Information of the Fund

<b>Name</b>	Amlslamic China Equity Fund ("Fund")
<b>Category/Type</b>	Equity (Islamic) / Growth
<b>Objective</b>	<p>The Fund seeks to provide capital growth by investing in Shariah-compliant equities and Shariah-compliant equity related securities with exposure to the China markets.</p> <p><i>Note: Any material change to the investment objective of the Fund would require Unit Holders' approval.</i></p>
<b>Duration</b>	The Fund was established on 14 February 2023 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.
<b>Performance Benchmark</b>	<p>MSCI China Islamic Index (Available at <a href="http://www.aminvest.com">www.aminvest.com</a>)</p> <p><i>Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (<a href="http://www.msci.com">www.msci.com</a>).</i></p>
<b>Income Distribution Policy</b>	<p>Given the Fund's investment objective, the Classes of the Fund are not expected to pay any distribution. Distributions, if any, are at the Manager's discretion.</p> <p><b><u>RM and RM-Hedged Classes</u></b> Distribution, if any, can be in the form of cash (by telegraphic transfer) or units (by reinvestment into units of the respective Classes).</p> <p><b><u>Other Classes except for RM and RM-Hedged Classes</u></b> Distribution, if any, to be reinvested into units of the respective Classes.</p>

Notes: Income distribution amount (if any) for each of the Classes could be different and is subject to the sole discretion of the Manager. For RM and RM-Hedged Classes only, if income distribution earned does not exceed RM500, it will be automatically reinvested.

**Breakdown of Unit Holdings by Size**

For the financial year under review, the size of the Fund for RM Class stood at 96 units and for USD Class stood at 100 units.

RM Class

Size of holding	As at 31 October 2024		As at 31 October 2023	
	No of units held	Number of unitholder	No of units held	Number of unitholder
5,000 and below	96	1	100	1
5,001-10,000	-	-	-	-
10,001-50,000	-	-	-	-
50,001-500,000	-	-	-	-
500,001 and above	-	-	-	-

USD Class

Size of holding	As at 31 October 2024		As at 31 October 2023	
	No of units held	Number of unitholder	No of units held	Number of unitholder
5,000 and below	100	1	100	1
5,001-10,000	-	-	-	-
10,001-50,000	-	-	-	-
50,001-500,000	-	-	-	-
500,001 and above	-	-	-	-

**Fund Performance Data**

**Portfolio Composition**

Details of portfolio composition of the Fund as at 31 October are as follows:

	As at 31 October	
	2024 %	2023 %
Money market deposits and cash equivalents	100.00	100.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

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

**Performance Details**

Performance details of the Fund for the financial year/period ended 31 October are as follows:

	FYE 31.10.2024	FPE 31.10.2023
Net asset value (RM)		
- RM Class	93	106
- USD Class	433	473

	FYE 31.10.2024	FPE 31.10.2023
Units in circulation		
- RM Class	96	100
- USD Class	100	100
Net asset value per unit in RM		
- RM Class	0.9713	1.0591
- USD Class	4.3267	4.7327
Net asset value per unit in respective currencies		
- RM Class (RM)	0.9713	1.0591
- USD Class (USD)	0.9890	0.9938
Highest net asset value per unit in respective currencies		
- RM Class (RM)	1.0615	1.0632
- USD Class (USD)	1.0082	1.0035
Lowest net asset value per unit in respective currencies		
- RM Class (RM)	0.9229	0.9868
- USD Class (USD)	0.9698	0.9930
Benchmark performance (%)		
- RM Class	-11.18	-10.63
- USD Class	-3.34	-18.18
Total return (%) <sup>(1)</sup>		
- RM Class	-8.29	5.91
- USD Class	-0.48	-0.62
Capital growth (%)		
- RM Class	-8.29	5.91
- USD Class	-0.48	-0.62
Total expense ratio (%) <sup>(2)</sup>	3.10	-

Note:

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

#### Average Total Return (as at 31 October 2024)

	Amlslamic China Equity Fund <sup>(a)</sup> %	Benchmark <sup>(b)</sup> %
One year		
- RM Class	-8.29	-11.18
- USD Class	-0.48	-3.34
Since launch (14 February 2023)		
- RM Class	-1.69	-12.62
- USD Class	-0.65	-12.80

#### Annual Total Return

Financial Year/Period Ended (31 October)	Amlslamic China Equity Fund <sup>(a)</sup> %	Benchmark <sup>(b)</sup> %
2024		
- RM Class	-8.29	-11.18
- USD Class	-0.48	-3.34

Financial Year/Period Ended (31 October)	Amlslamic China Equity Fund <sup>(a)</sup> %	Benchmark <sup>(b)</sup> %
2023 <sup>(c)</sup>		
- RM Class	5.91	-10.63
- USD Class	-0.62	-18.18

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

(b) MSCI China Islamic Index (Available at [www.aminvest.com](http://www.aminvest.com))

(c) Total actual return for the financial period from 14 February 2023 (date of launch) to 31 October 2023.

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**

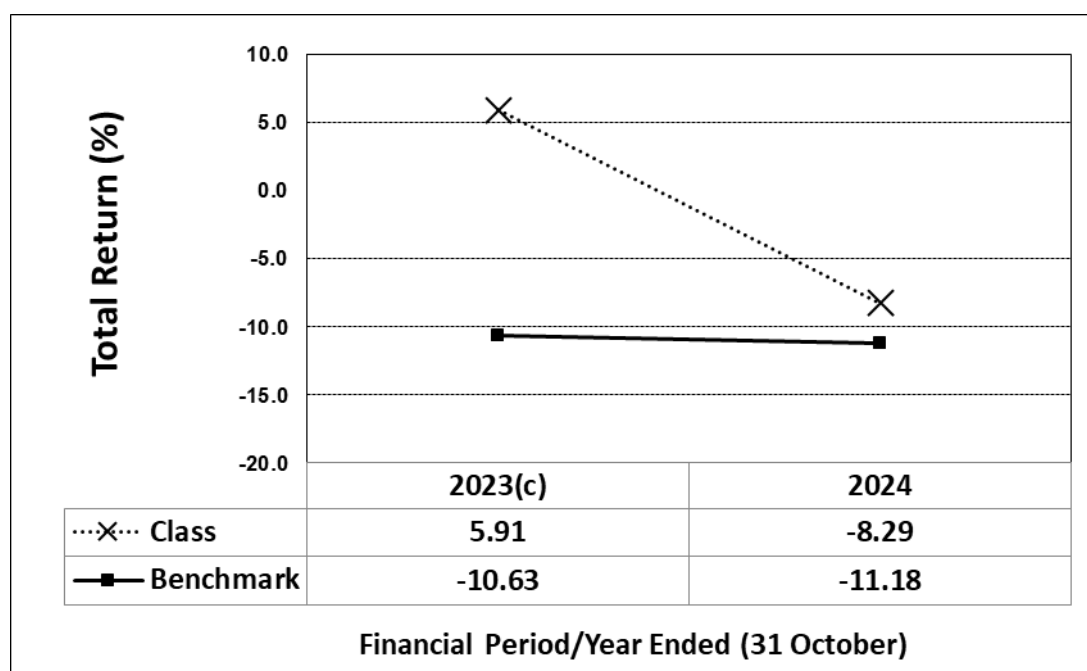
RM Class

For the financial year under review, the Fund registered a negative return of 8.29% which is entirely capital in nature.

Thus, the Fund's negative return of 8.29% has outperformed the benchmark's negative return of 11.18% by 2.89%.

As compared with the financial period ended 31 October 2023, the net asset value ("NAV") per unit of the Fund decreased by 8.29% from RM1.0591 to RM0.9713, while units in circulation decreased by 4.00% from 100 units to 96 units.

The following line chart shows comparison between the annual performances of Amlslamic China Equity Fund (RM Class) and its benchmark for the financial period/year ended 31 October.



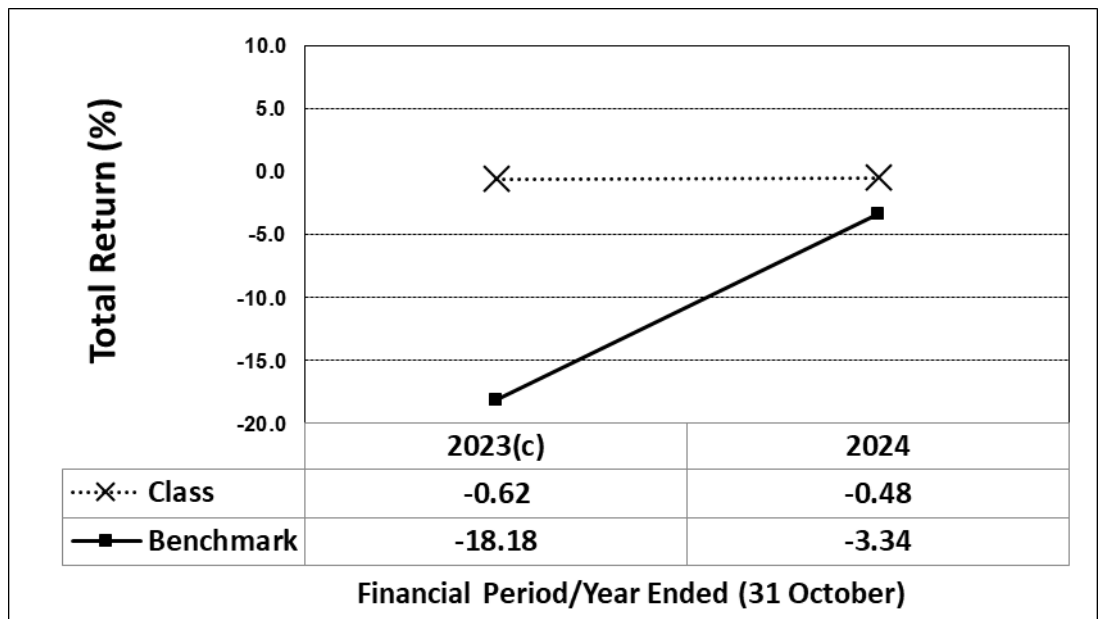
### USD Class

For the financial year under review, the Fund registered a negative return of 0.48% which is entirely capital in nature.

Thus, the Fund's negative return of 0.48% has outperformed the benchmark's negative return of 3.34% by 2.86%.

As compared with the financial period ended 31 October 2023, the net asset value ("NAV") per unit of the Fund decreased by 0.48% from USD0.9938 to USD0.9890, while units in circulation remain unchanged at 100 units.

The following line chart shows comparison between the annual performances of Amlslamic China Equity Fund (USD Class) and its benchmark for the financial period/year ended 31 October.



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

### Strategies and Policies Employed

Due to insignificant Net Asset Value, the Fund was inactive (without investment activity).

### Portfolio Structure

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

	As at 31.10.2024 %	As at 31.10.2023 %	Changes %
Money market deposits and cash equivalents	100.00	100.00	-
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	

For the financial year under review, the Fund remained inactive (without investment activity) and has invested 100.00% of its NAV in money market deposits and cash equivalents.



<b>Cross Trades</b>	There were no cross trades undertaken during the financial year under review.
<b>Distribution/ Unit splits</b>	There is no income distribution and unit split declared for the financial year under review.
<b>State of Affairs</b>	There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial year under review.
<b>Rebates and Soft Commission</b>	During the year, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.
<b>Market Review</b>	<p>Equity market started the period on a decline following weak economic data releases, coupled with persistent deflationary pressures, suggesting fragility over the country's economic growth. With no clear signs of China's property, capex and inventory cycles bottoming out coupled with anti-corruption moving further in the financial sector with secondary market spill overs, selling momentum continued. The already poor market sentiment was further exacerbated by news flows of more United States (US) restrictions on China biotech and tech with news of Federal Reserve (Fed) turning more hawkish.</p> <p>Sentiment on the equity market subsequently recovered on the back of encouraging Chinese New Year travel and spending data and various government measures such as the 25bps cut to the 5-year loan prime rate which was the steepest on record since a reform of rates in 2019, the national team's buying of key A-share index-linked ETFs as well as appointment of a new reform-minded CSRC chairman. The positive market sentiment was further supported by the government's announcement of "more efforts to coordinate the study of policy measures to digest existing housing inventory and to optimize new housing development" which will help boost property purchasers' confidence towards the Chinese property market.</p> <p>Following a strong rally, equity market corrected due to waning expectations of more policy support and the still soft economic momentum. The decline in the equity market continued until late September where Chinese onshore equities rose 21% Month on Month (MoM) in September outperforming the broader Asia region amid the People's Bank of China, China Securities Regulatory Commission and China Banking and Insurance Regulatory Commission's stimulus combo on 24 September and the surprise Politburo meeting call for stronger stimulus on 26 September. Following the excitement of September's policy announcements, equity market retreated as investors digested the stimulus measures and waits for more clarity on the US Election outcome.</p> <p>For the year, MSCI China Islamic Index delivered a loss of 11.18% in Malaysian Ringgit (MYR) and 3.34% in United States Dollar (USD).</p>

<b>Market Outlook</b>	<p>We are of the view that the expected recovery in China's economy will be protracted, but we remain optimistic on the central government growth-supportive stance and expect more growth measures to be announced until recovery is solidly visible.</p> <p>From a valuation standpoint, the equity market is attractively valued as indicated by price to earnings and price to book ratios. Coupled with smaller positioning by investors which would limit further outflows, the risk-reward is favourable.</p>
<b>Additional Information</b>	<p>The following information was updated:</p> <p>The 2nd Supplementary Information Memorandum dated 11 September 2024 has been issued to inform Sophisticated Investors of the removal of the information on Investment Adviser of the Fund i.e. CSOP Asset Management Limited.</p>

Kuala Lumpur, Malaysia  
Amlslamic Funds Management Sdn Bhd

16 December 2024

## **Independent auditors' report to the unit holder of Amlslamic China Equity Fund**

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the financial statements of Amlslamic China Equity Fund (the "Fund"), which comprise the statement of financial position as at 31 October 2024, and statement of comprehensive income, statement of changes in net assets attributable to unit holder 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 12 to 32.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 October 2024, 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 *Auditors' 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 audit 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 included 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 holder of  
Amlslamic China Equity 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 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 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 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 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 holder of  
Amlslamic China Equity Fund (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 of the Fund 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 holder of  
Amlslamic China Equity Fund (cont'd.)**

**Other matters**

This report is made solely to the unit holder 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  
16 December 2024

## Amlslamic China Equity Fund

### STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2024

	Note	2024 RM	2023 RM
<b>ASSET</b>			
Cash at banks		526	579
<b>TOTAL ASSET</b>		<u>526</u>	<u>579</u>
<b>NET ASSET VALUE (“NAV”) OF THE FUND ATTRIBUTABLE TO UNIT HOLDER</b>			
		<u>526</u>	<u>579</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDER OF THE FUND COMPRISE:</b>			
Unit holder’s contribution	8(a)(b)	549	547
(Accumulated losses)/Retained earnings	8(c) 8	<u>(23)</u>	<u>32</u>
		<u>526</u>	<u>579</u>
<b>NET ASSET VALUE</b>			
- RM Class		93	106
- USD Class		<u>433</u>	<u>473</u>
		<u>526</u>	<u>579</u>
<b>UNITS IN CIRCULATION</b>			
- RM Class	8(a)	<u>96</u>	<u>100</u>
- USD Class	8(b)	<u>100</u>	<u>100</u>
<b>NAV PER UNIT IN RM</b>			
- RM Class		<u>0.9713</u>	<u>1.0591</u>
- USD Class		<u>4.3267</u>	<u>4.7327</u>
<b>NAV PER UNIT IN RESPECTIVE CURRENCIES</b>			
- RM Class (RM)		<u>0.9713</u>	<u>1.0591</u>
- USD Class (USD)		<u>0.9890</u>	<u>0.9938</u>

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

## Amlslamic China Equity Fund

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

	Note	01.11.2023 to 31.10.2024 RM	14.02.2023 to 31.10.2023 RM
<b>SHARIAH-COMPLIANT INVESTMENT (LOSS)/ INCOME</b>			
Profit income		15	3
Other net realised (loss)/gain on foreign currency exchange		(39)	29
		<u>(24)</u>	<u>32</u>
<b>EXPENDITURE</b>			
Manager's fee	4	(9)	-
Other expenses		(22)	-
		<u>(31)</u>	<u>-</u>
<b>Net (loss)/income before taxation</b>		(55)	32
<b>Taxation</b>	10	-	-
<b>Net (loss)/income after taxation, representing total comprehensive (loss)/income for the financial year/period</b>		<u>(55)</u>	<u>32</u>
Total comprehensive (loss)/income comprises the following:			
Realised (loss)/income		<u>(55)</u>	<u>32</u>

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



## Amlslamic China Equity Fund

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDER FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

	Note	Unit holder's contribution RM	Retained earnings/ (Accumulated losses) RM	Total RM
At 1 November 2023		547	32	579
Total comprehensive loss for the financial year		-	(55)	(55)
Creation of units				
– RM Class	8(a)	10,657	-	10,657
Cancellation of units				
– RM Class	8(a)	(10,655)	-	(10,655)
Balance at 31 October 2024		<u>549</u>	<u>(23)</u>	<u>526</u>
At date of launch, 14 February 2023		-	-	-
Total comprehensive income for the financial period		-	32	32
Creation of units				
– RM Class	8(a)	100	-	100
– USD Class	8(b)	447	-	447
Balance at 31 October 2023		<u>547</u>	<u>32</u>	<u>579</u>

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

## Amlslamic China Equity Fund

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

	01.11.2023 to 31.10.2024 RM	14.02.2023 to 31.10.2023 RM
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Profit received	15	3
Other net realised (loss)/gain on foreign currency exchange	(39)	29
Manager's fee paid	(9)	-
Payments for other expenses	(22)	-
Net cash (used in)/generated from operating and investing activities	<u>(55)</u>	<u>32</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	10,657	547
Payments for cancellation of units	(10,655)	-
Net cash generated from financing activities	<u>2</u>	<u>547</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(53)	579
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/ DATE OF LAUNCH</b>	<u>579</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD</b>	<u>526</u>	<u>579</u>
Cash and cash equivalents comprise:		
Cash at banks	<u>526</u>	<u>579</u>

## Amlslamic China Equity Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

#### 1. GENERAL INFORMATION

Amlslamic China Equity Fund (the “Fund”) was established pursuant to a Deed dated 14 February 2023 (the “Deed”), between Amlslamic Funds Management Sdn. Bhd. as the Manager, Deutsche Trustees Malaysia Berhad as the Trustee and all unit holders.

The Fund seeks to provide capital growth by investing in Shariah-compliant equities and Shariah-compliant equity related securities with exposure to the China markets. As provided in the Deed, the financial year shall end on 31 October and the units in the Fund were first offered for sale on 14 February 2023.

The financial statements were authorised for issue by the Manager on 16 December 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 and amendments to MFRS which became effective during the financial year did not have any material financial impact to the financial statements.

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

## Amlslamic China Equity Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 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 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
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.

## **Amlslamic China Equity Fund**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024**

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

##### **3.1 Income recognition (cont'd.)**

(i) Distribution income

Distribution income is recognised when the Fund's right to receive payment is established.

(ii) Profit income

Profit income is recognised on an accrual basis using the effective profit method.

(iii) Gain or loss on disposal of Shariah-compliant investment

On disposal of Shariah-compliant investment, the net realised gain or loss on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the Shariah-compliant investment. 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 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 RM 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.

## Amlslamic China Equity Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

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

##### 3.5 Statement of cash flows (cont'd.)

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

##### 3.6 Distribution

Distribution is at the discretion of the Manager. A distribution to the Fund's unit holder is accounted for as a deduction from realised income and recognised in the statement of comprehensive income, as the unit holder's contribution are classified as financial liability as per Note 3.7. Realised income is the income earned from distribution income, profit income and net gain on disposal of Shariah-compliant investment 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 holder 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 holder's contribution

The unit holder's contribution of the Fund is classified as liabilities under the requirements of MFRS 132 *Financial Instruments: Presentation* ("MFRS 132").

Under MFRS 132, a unit trust fund with one common class of unit holder is classified as equity as it meets the requirement of having identical features. In a multi-unit class fund, if any one class (or a group of classes) can be differentiated in terms of their features, then all the classes will be classified as liability.

The Fund issues cancellable units in two classes. Details are disclosed in Note 8.

##### 3.8 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.

## Amlslamic China Equity Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

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

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

(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 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 (“SPPP 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 SPPP test determines whether the contractual cash flows are solely for payments of principal and profit 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 profit on the principal amount outstanding. Financial assets include in this category are Shariah-compliant 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 profit on the outstanding principal.

## Amlslamic China Equity Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

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

##### 3.9 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 Shariah-compliant investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these Shariah-compliant 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". Profit earned element of such instrument is recorded in "Profit 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.

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.

The Fund subsequently measures its Shariah-compliant investment in equity investments and Collective Investment Scheme ("CIS") at FVTPL. Dividend/Distribution earned whilst holding the Shariah-compliant investments are recognised in profit or loss when the right to receive the payment has been established. Gains and losses on the Shariah-compliant investments, realised and unrealised, are included in profit or loss.

##### 3.10 Financial liabilities – classification and subsequent measurement

Financial liabilities issued by the Fund are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holder. After initial measurement, financial liabilities are subsequently measured at amortised cost using the effective profit 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 profit rate.



## Amlslamic China Equity Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

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

##### 3.11 Derecognition of financial instruments

(i) Derecognition of financial asset

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

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

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

(ii) Derecognition of financial liability

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

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

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

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

##### 3.13 Determination of fair value

For the Shariah-compliant investments in local quoted equity securities and CIS, fair value is determined based on the closing price quoted on Bursa Malaysia Berhad. For the Shariah-compliant investments in foreign listed securities, which are quoted in the respective stock exchanges, fair value will be determined based on the published market price quoted by the respective stock exchanges at the end of each business day. Purchased cost is the quoted price that the Fund paid when buying its Shariah-compliant investments. The difference between the purchased 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.

## **Amlslamic China Equity Fund**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024**

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

##### **3.14 Classification of realised and unrealised gains and losses**

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

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

##### **3.15 Significant accounting estimates and judgments**

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

The Fund classifies its Shariah-compliant investment as financial assets at FVTPL as the Fund may sell its Shariah-compliant investment in the short-term for profit-taking or to meet unit holder's 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. AMOUNT DUE TO MANAGER**

Manager's fee is at a rate of 1.80% (14.02.2023 to 31.10.2023: 1.80%) per annum on the NAV of the Fund, calculated on a daily basis. However, no Manager's fee was charged in the previous financial period.

#### **5. TRUSTEE'S FEE**

Trustee's fee is at a rate of 0.05% (14.02.2023 to 31.10.2023: 0.05%) per annum on the NAV of the Fund, calculated on a daily basis. However, no Trustee's fee was charged in the previous financial period.

## Amlslamic China Equity Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

#### 6. AUDIT FEE

The audit fee amounting to RM7,500 (14.02.2023 to 31.10.2023: RM7,500) is fully borne by the Manager in the current financial year and previous financial period.

#### 7. TAX AGENT'S FEE

The tax agent's fee amounting to RM5,200 (14.02.2023 to 31.10.2023: RM5,200) is fully borne by the Manager in the current financial year and previous financial period.

#### 8. NAV ATTRIBUTABLE TO UNIT HOLDER

Total NAV attributable to unit holder is represented by:

	Note	2024 RM	2023 RM
Unit holder's contribution			
– RM Class	(a)	102	100
– USD Class	(b)	447	447
(Accumulated losses)/Retained earnings			
– Realised (loss)/income	(c)	(23)	32
		<u>526</u>	<u>579</u>

The Fund issues cancellable units in two classes as detailed below:

Classes of units	Currency denomination	Categories of investors	Distribution policy
RM Class	RM	Mixed	Incidental
USD Class	USD	Mixed	Incidental

The different charges and features for each class are as follows:

- (i) Initial price
- (ii) Minimum initial investment
- (iii) Additional investment

## Amlslamic China Equity Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

#### 8. NAV ATTRIBUTABLE TO UNIT HOLDER (CONT'D.)

##### (a) Unit holder's contribution/Units in circulation – RM Class

	2024		2023	
	Number of units	RM	Number of units	RM
At beginning of the financial year/ date of launch	100	100	-	-
Creation during the financial year/period	10,239	10,657	100	100
Cancellation during the financial year/period	(10,243)	(10,655)	-	-
At end of the financial year/period	<u>96</u>	<u>102</u>	<u>100</u>	<u>100</u>

##### (b) Unit holder's contribution/Units in circulation – USD Class

	2024		2023	
	Number of units	RM	Number of units	RM
At beginning of the financial year/ date of launch	100	447	-	-
Creation during the financial year/period	-	-	100	447
At end of the financial year/period	<u>100</u>	<u>447</u>	<u>100</u>	<u>447</u>

##### (c) Realised

	2024 RM	2023 RM
At beginning of the financial year/date of launch	32	-
Net realised (loss)/income for the financial year/ period	(55)	32
At end of the financial year/period	<u>(23)</u>	<u>32</u>

## Amlslamic China Equity Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

#### 9. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

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

<u>Related parties</u>	<u>Relationships</u>
Amlslamic Funds Management Sdn. Bhd.	The Manager
AmlInvestment 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

	2024		2023	
	Number of units	RM	Number of units	RM
The Manager*				
– RM Class	96	93	100	106
– USD Class	100	433	100	473

\* The Manager is the legal and beneficial owner of the units.

There are no units held by any other related party as at 31 October 2024 and 31 October 2023.

#### 10. TAXATION

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

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

	01.11.2023 to 31.10.2024 RM	14.02.2023 to 31.10.2023 RM
Net (loss)/income before taxation	(55)	32
Taxation at Malaysian statutory rate of 24% (2023: 24%)	(13)	8
Tax effects of:		
Income not subject to tax	(4)	(7)
Loss not allowed for tax deduction	9	-
Restriction on tax deductible expenses	2	-
Non-permitted expenses for tax purposes	5	-
Permitted expenses not used and not available for future financial years	1	(1)
Tax expense for the financial year/period	-	-

## Amlslamic China Equity Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

#### 11. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	01.11.2023 to 31.10.2024 % p.a.	14.02.2023 to 31.10.2023 % p.a.
Manager’s fee	0.90	-
Fund’s other expenses	2.20	-
Total TER	<u>3.10</u>	<u>-</u>

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

#### 12. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of Shariah-compliant investments to the average NAV of the Fund calculated on a daily basis, is nil times (14.02.2023 to 31.10.2023: nil times).

#### 13. SEGMENTAL REPORTING

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

#### 14. 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.

## Amlslamic China Equity Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

#### 14. FINANCIAL INSTRUMENTS (CONT'D.)

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

	Financial asset at FVTPL RM	Financial asset at amortised cost RM	Financial liability at amortised cost RM	Total RM
<b>2024</b>				
<b>Financial asset</b>				
Cash at banks	-	526	-	526
<b>Total financial asset</b>	<b>-</b>	<b>526</b>	<b>-</b>	<b>526</b>
<b>2023</b>				
<b>Financial asset</b>				
Cash at banks	-	579	-	579
<b>Total financial asset</b>	<b>-</b>	<b>579</b>	<b>-</b>	<b>579</b>

	Income, expenses, gains and losses	
	01.11.2023 to 31.10.2024 RM	14.02.2023 to 31.10.2023 RM
Income, of which derived from:		
- Profit income from financial assets at amortised cost	15	3
- Other net realised (loss)/gain on foreign currency exchange	(39)	29
	<u>(39)</u>	<u>29</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
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

## **Amlslamic China Equity Fund**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024**

#### **14. FINANCIAL INSTRUMENTS (CONT'D.)**

**(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:

- Cash at banks

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.

#### **15. 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, non-compliance risk, and Shariah non-compliance risk.

Risk management is carried out by closely monitoring, measuring and mitigating the above said risks, careful selection of Shariah-compliant investments coupled with stringent compliance to Shariah-compliant 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, Securities Commission Malaysia's Guidelines on Islamic Capital Market Products and Services 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) Price risk**

Price risk refers to the uncertainty of an investment's future prices. In the event of adverse price movements, the Fund might endure potential loss on its Shariah-compliant investments. In managing price risk, the Manager actively monitors the performance and risk profile of the investment portfolio.



## Amlslamic China Equity Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024

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

##### (a) Market risk (cont'd.)

##### (ii) Currency risk

Currency risk is associated with the Fund's financial assets and financial 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.

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	
	2024 RM	2023 RM
-5.00%	(22)	(24)
+5.00%	<u>22</u>	<u>24</u>

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

Financial asset denominated in	2024		2023	
	RM equivalent	% of NAV	RM equivalent	% of NAV
<b>United States Dollar</b>				
Cash at bank	<u>443</u>	<u>84.22</u>	<u>478</u>	<u>82.56</u>

##### (b) Credit risk

Credit risk at the current financial year relates solely to the cash at banks.

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

##### (c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its financial liabilities or redeem its units earlier than expected. 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.

## **Amlslamic China Equity Fund**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024**

#### **15. 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 holder. Liquid assets comprise of cash at banks, Shariah-compliant deposit with licensed financial institution 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.

##### **(d) Regulatory risk**

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

##### **(e) 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.

##### **(f) Management risk**

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

##### **(g) Non-compliance risk**

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

##### **(h) Shariah non-compliance risk**

This is the risk of the Fund not conforming to Shariah Investment Guidelines. The Shariah Adviser for the Fund would be responsible for ensuring that the Fund is managed and administered in accordance with Shariah Investment Guidelines. Note that as the Fund can only invest in Shariah-compliance instruments, non-compliance may adversely affect the NAV of the Fund when the rectification of non-compliance results in losses.

## **Amlslamic China Equity Fund**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024**

#### **16. 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 Shariah-compliant 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 financial year and previous financial period.

#### **17. COMPARATIVES**

The comparatives are in respect of the financial period from 14 February 2023 (date of launch) to 31 October 2023 which are not comparable to current financial year's reported numbers in the statement of comprehensive income, statement of changes in net assets attributable to unit holder, statement of cash flows and notes to the financial statements.

## **Amlslamic China Equity Fund**

### **STATEMENT BY THE MANAGER**

I, Wong Weng Tuck, being the Director of and on behalf of the Board of Directors of Amlslamic Funds Management Sdn. Bhd. (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 Amlslamic China Equity Fund (the “Fund”) as at 31 October 2024 and of the comprehensive income, the changes in net assets attributable to unit holder and cash flows for the financial year then ended.

For and on behalf of the Manager

**Wong Weng Tuck**

Executive Director

Kuala Lumpur, Malaysia

16 December 2024

## **TRUSTEE'S REPORT**

### **TO THE UNIT HOLDER OF AMISLAMIC CHINA EQUITY FUND ("Fund"),**

We have acted as Trustee of the Fund for the financial year ended 31 October 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Amlslamic Funds Management Sdn. Bhd. has operated and managed the Fund during the year covered by these financial statements 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  
16 December 2024

## SHARIAH ADVISER'S REPORT FOR ISLAMIC WHOLESALE FUND

To the unit holders of Amlslamic China Equity Fund ("Fund"),

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Amlslamic Funds Management Sdn Bhd has operated and managed the Fund during the period covered by these financial statements in accordance with the Shariah principles and requirements and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters: and
2. The assets of the Fund comprise instruments that have been classified as Shariah-compliant.

For Amanie Advisors Sdn Bhd

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Tan Sri Dr Mohd Daud Bakar

Executive Chairman

Date: 16 December 2024

## DIRECTORY

Head Office

9<sup>th</sup> & 10<sup>th</sup> 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

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

*For enquiries about this or any of the other Funds offered by AmIslamic Funds Management Sdn Bhd  
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.)*

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