

Annual Report for

# AmIslamic Fixed Income Conservative

31 August 2023



**AmInvest**

Growing Your Investments in a Changing World

## TRUST DIRECTORY

### **Manager**

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

### **Board of Directors**

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

### **Investment Committee**

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

### **Investment Manager**

AmIslamic Funds Management Sdn Bhd

### **Trustee**

Deutsche Trustees Malaysia Berhad

### **Shariah Adviser**

Amanie Advisors Sdn Bhd

### **Auditors and Reporting Accountants**

Ernst & Young PLT

### **Taxation Adviser**

Deloitte Tax Services Sdn Bhd

## **CONTENTS**

- 1** Manager's Report
- 7** Independent Auditor's Report to the Unitholders
- 11** Statement of Financial Position
- 12** Statement of Comprehensive Income
- 13** Statement of Changes in Equity
- 14** Statement of Cash Flows
- 15** Notes to the Financial Statements
- 40** Statement by the Manager
- 41** Trustee's Report
- 42** Shariah Adviser's Report
- 43** Directory

## MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of Amlslamic Fixed Income Conservative ("Fund") for the financial year ended 31 August 2023.

### Salient Information of the Fund

<b>Name</b>	Amlslamic Fixed Income Conservative ("Fund")
<b>Category/ Type</b>	Sukuk / Growth
<b>Objective</b>	<p>The Fund aims to provide capital appreciation over the short to medium-term by investing in a portfolio consisting of fixed income instruments that comply with Shariah Principles.</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 9 January 2012 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>Maybank 12-months General Investment Account rate-i ("MBB"). (Available at <a href="http://www.aminvest.com">www.aminvest.com</a> / <a href="http://www.maybank2u.com.my">www.maybank2u.com.my</a>)</p> <p><i>Note: The risk profile of the Fund's investment is higher than the risk profile of the performance benchmark and consequently, the Fund is expected to outperform the performance benchmark.</i></p>
<b>Income Distribution Policy</b>	Income distribution (if any) is incidental and will be reinvested.

### Fund Performance Data

<b>Portfolio Composition</b>	Details of portfolio composition of the Fund as at 31 August are as follows:			
		<b>As at 31 August</b>		
		<b>2023 %</b>	<b>2022 %</b>	<b>2021 %</b>
	Corporate sukuk	43.56	86.61	86.32
	Government Investment Issue	45.66	-	5.25
	Money market deposits and cash equivalents	10.78	13.39	8.43
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	
	<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 August are as follows:

	<b>FYE 2023</b>	<b>FYE 2022</b>	<b>FYE 2021</b>
Net asset value (RM)	22,499,720*	40,553,806*	81,396,392
Units in circulation	15,795,849*	29,215,713*	58,309,877
Net asset value per unit (RM)	1.4244*	1.3881*	1.3959
Highest net asset value per unit (RM)	1.4375*	1.4169*	1.3959
Lowest net asset value per unit (RM)	1.3838*	1.3871*	1.3757
Benchmark performance (%)	2.95	2.08	1.95
Total return (%) <sup>(1)</sup>	3.65	1.59	1.48
- Capital growth (%)	2.61	-0.56	1.48
- Income distribution (%)	1.04	2.15	-
Gross distribution (sen per unit)	1.44	3.00	-
Net distribution (sen per unit)	1.44	3.00	-
Total expense ratio (%) <sup>(2)</sup>	0.91	0.86	0.84
Portfolio turnover ratio (times) <sup>(3)</sup>	0.66	0.50	0.41

\* Above prices and net asset value per unit are shown as ex-distribution.

**Note:**

- (1) Total return is the actual return of the Fund for the respective financial years computed based on the net asset value per unit and net of all fees.
- (2) Total expense ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis. The TER increased by 0.05% as compared to 0.86% per annum for the financial year ended 31 August 2022 mainly due to decrease in average Fund size.
- (3) Portfolio turnover ratio ("PTR") is calculated based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis. The increase in the PTR for 2023 and 2022 were due mainly to investing activities.

**Average Total Return (as at 31 August 2023)**

	<b>Amlslamic Fixed Income Conservative<sup>(a)</sup></b> %	<b>MBB<sup>(b)</sup></b> %
One year	3.65	2.95
Three years	2.23	2.32
Five years	3.35	2.66
Ten years	3.43	3.08

**Annual Total Return**

<b>Financial Years Ended (31 August)</b>	<b>Amlslamic Fixed Income Conservative<sup>(a)</sup></b> %	<b>MBB<sup>(b)</sup></b> %
2023	3.65	2.95
2022	1.59	2.08
2021	1.48	1.95
2020	4.58	2.85
2019	5.52	3.52

(a) Source: Novagni Analytics and Advisory Sdn. Bhd.  
 (b) Maybank 12-months General Investment Account rate-i (“MBB”).  
 (Available at [www.aminvest.com](http://www.aminvest.com) / [www.maybank2u.com.my](http://www.maybank2u.com.my))

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

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

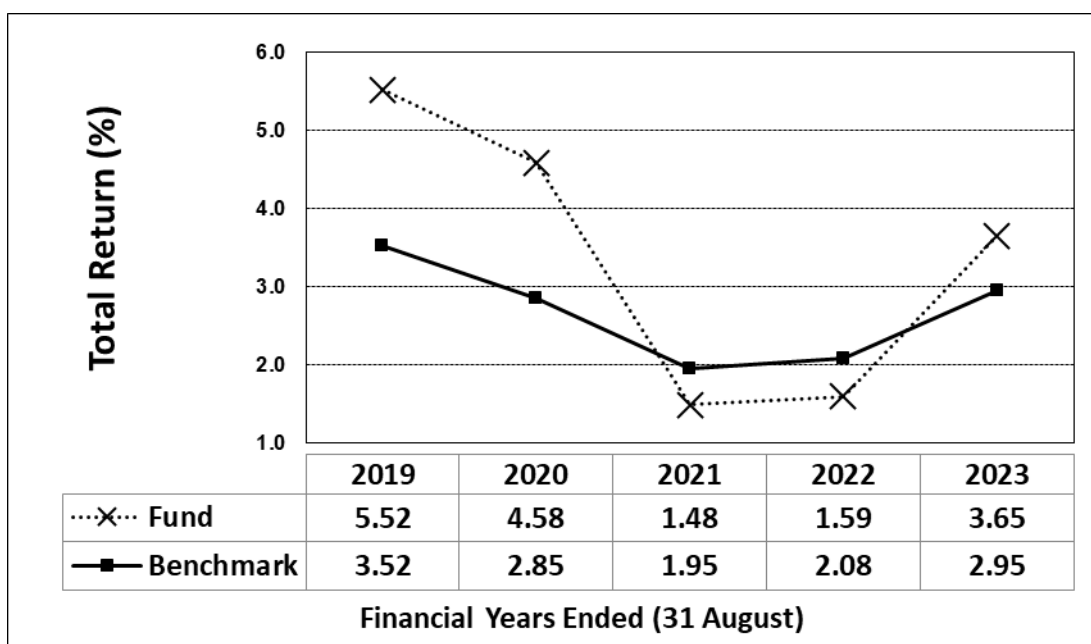
**Fund Performance**

For the financial year under review, the Fund registered a return of 3.65% comprising of 2.61% capital growth and 1.04% income distribution.

Thus, the Fund’s return of 3.65% has outperformed the benchmark’s return of 2.95% by 0.70%.

As compared with the financial year ended 31 August 2022, the net asset value (“NAV”) per unit of the Fund increased by 2.61% from RM1.3881 to RM1.4244, while units in circulation decreased by 45.93% from 29,215,713 units to 15,795,849 units.

The following line chart shows comparison between the annual performances of Amlslamic Fixed Income Conservative and its benchmark, MBB, for the financial years ended 31 August.



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

<b>Strategies and Policies Employed</b>	<p>The Fund seeks to achieve its objective by investing a minimum 70% of its net asset value (NAV) in Sukuk, while maintaining a weighted average portfolio duration of one (1) to three (3) years.</p> <p>The Fund will place maximum 30% of its NAV in Islamic deposits and/or Islamic money market instruments.</p> <p>The Fund is actively managed. However, the frequency of its trading strategy will depend on investment opportunities.</p>																				
<b>Portfolio Structure</b>	<p>The table below is the asset allocation of the Fund as at 31 August 2023 and 31 August 2022.</p> <table border="1" data-bbox="363 591 1477 869"> <thead> <tr> <th></th> <th>As at 31.08.2023 %</th> <th>As at 31.08.2022 %</th> <th>Changes %</th> </tr> </thead> <tbody> <tr> <td>Corporate sukuk</td> <td>43.56</td> <td>86.61</td> <td>-43.05</td> </tr> <tr> <td>Government Investment Issue</td> <td>45.66</td> <td>-</td> <td>45.66</td> </tr> <tr> <td>Money market deposits and cash equivalents</td> <td>10.78</td> <td>13.39</td> <td>-2.61</td> </tr> <tr> <td><b>Total</b></td> <td><b>100.00</b></td> <td><b>100.00</b></td> <td></td> </tr> </tbody> </table> <p>For the financial year under review, the Fund invested 43.56% of its NAV in corporate sukuk, 45.66% of its NAV in government investment issue and the remaining balance of 10.78% was held in money market deposits and cash equivalents.</p>		As at 31.08.2023 %	As at 31.08.2022 %	Changes %	Corporate sukuk	43.56	86.61	-43.05	Government Investment Issue	45.66	-	45.66	Money market deposits and cash equivalents	10.78	13.39	-2.61	<b>Total</b>	<b>100.00</b>	<b>100.00</b>	
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Money market deposits and cash equivalents	10.78	13.39	-2.61																		
<b>Total</b>	<b>100.00</b>	<b>100.00</b>																			
<b>Securities Lending / Repurchase Transactions</b>	<p>The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”).</p>																				
<b>Cross Trade</b>	<p>There were no cross trades undertaken during the financial year under review.</p>																				
<b>Distribution/ unit splits</b>	<p>During the financial year under review, the Fund declared income distribution, detailed as follows:</p> <table border="1" data-bbox="363 1442 1477 1583"> <thead> <tr> <th>Date of distribution</th> <th>Distribution per unit RM (sen)</th> <th>NAV per unit Cum-Distribution (RM)</th> <th>NAV per unit Ex-Distribution (RM)</th> </tr> </thead> <tbody> <tr> <td>23-Aug-23</td> <td>1.44</td> <td>1.4375</td> <td>1.4231</td> </tr> </tbody> </table> <p>There is no unit split declared for the financial year under review.</p>	Date of distribution	Distribution per unit RM (sen)	NAV per unit Cum-Distribution (RM)	NAV per unit Ex-Distribution (RM)	23-Aug-23	1.44	1.4375	1.4231												
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23-Aug-23	1.44	1.4375	1.4231																		
<b>State of Affairs</b>	<p>There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial year under review.</p>																				
<b>Rebates and Soft Commission</b>	<p>During the year, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.</p>																				

**Market Review**

In September 2022, the United States (US) Federal Reserve delivered its third consecutive 75bps rate hikes to curb inflation following strong US Consumer Price Index (CPI) released. The US Federal Reserve funds rate ended the quarter with 3.00% - 3.25% as market expected. In tandem with the Federal Reserve monetary policy footstep, Bank Negara Malaysia (BNM) raised Overnight Policy Rate (OPR) in September month meetings with 25bps hike. Local sovereign bonds were supported by the large number of maturities and external inflows in the beginning of 3Q2022 but ended with a sharp spike in yields in view of rising global bond yields as market pricing in a more aggressive pace of monetary policy tightening in the US.

Over the last quarter of 2022, the US Federal Reserve delivered another 75bps rate hike in early-November before announcing a well-signaled 50bps hike in mid-December amid data pointing towards a peaking of inflation in the US. During the same period, Bank Negara Malaysia (BNM) also delivered a 25bps rate hike to bring the Overnight Policy Rate (OPR) to 2.75% at its last meeting of 2022, while signaling that the central bank is not on any preset course and that any monetary setting changes will be gradual and measured. Local bond market yield movements were mixed during 4Q2022, as uncertainties revolving domestic developments from General Election-15 and tracking volatile global bond yields ahead of the US Federal Open Market Committee (FOMC) meetings. Nonetheless, market began to rally toward mid-December as market repriced expectations of rate hikes by BNM, following slower pace of rate hikes by major central banks.

In the beginning of first quarter of 2023, Malaysia government bond market was trading firmer, tracking bullish United States Treasuries (UST) movements following release of weaker than expected economic data. The significant yield movements came after BNM surprised market with a hold on the OPR at 2.75% on 19 January, where Malaysia-Government-Securities (MGS) yields plunging by the range of 9bps to 25bps in a day. In February, following policy divergence between BNM and the Federal Reserve, 10-year MGS-UST spread turned negative for the first time since 2007 while local bond market stayed jittery ahead of Budget 2023 re-tabling and mostly traded sideways. In March, Malaysian bond market began on cautious footing as yields of both 10-year MGS and 10-year UST surged above the 4% handle on market repricing of higher terminal Federal Reserve Fund Rate. However, concerns over global financial stability, triggered flight-to-safety flows into the UST market in the subsequent weeks. BNM kept the OPR unchanged on 9 March 2023 while remained cautious against upside risk to domestic inflation and volatility of external financial condition.

Moving towards second quarter of 2023, Malaysian bond market caught on to slowing US economy narrative in April 2023. A surge in demand and duration positioning helped to allay concerns of growing long-end supply. In May, local bond market's reaction was relatively muted in reaction to a surprise 25bps hike by BNM on 3 May, to raise OPR to its pre-pandemic level of 3.0%. However, as May progress, MGS yield curve was overall traded higher following FOMC May minutes suggested another possible rate hike in June, in absence of any major jobs or inflation data that point to an imminent economic downturn. In June, MGS yield curve bear-flattened with long-end of the curve relatively unchanged, mirroring movement of the UST following the Federal Reserve's more hawkish guidance in its forecast of terminal Federal Funds Rate despite a no-hike decision during the June FOMC meeting.

Malaysia bond market endured a volatile month in July, largely mirroring the movement in the UST. For the first 2 weeks of the month, MGS outperformed with yields declined by 1-11bps following lower than expected US June 2023 CPI while BNM had kept the OPR unchanged at 3.00% during its July meeting. However, the



	<p>Malaysian Government Securities (MGS) weakened as July progressed amid 25bps rate hike by the United States (US) Federal Reserve on 26th July with no change in forward guidance languages. While in August, Malaysian bond market was subdued in as Malaysian Ringgit (MYR) weakness deterred foreign inflows. Domestic yields took their cues from US rates where the weaker than expected US employment and contracting manufacturing activity at the start of the month that pointed towards a more dovish US Federal Reserve stance. However, this was reversed, with better-than-expected employment and resilient Gross Domestic Product (GDP) growth numbers towards the end of the month along with the US Federal Reserve Chairman committing to an inflation fighting policy stance.</p>
<p><b>Market Outlook</b></p>	<p>The slowing GDP and falling Consumer Price Index (CPI) data will imply Bank Negara Malaysia (BNM) will remain on pause for the immediate future. On the external front, with the US Federal Reserve pause but being seemingly still hawkish, United States Treasury (UST) yields will remain elevated for the foreseeable future.</p> <p>With a stable Overnight Policy Rate (OPR), we will gradually adjust our strategy to increase overweight on duration towards the year end. The steepening of the yield curve may see levels becoming attractive especially if BNM is not expected to raise rates further.</p> <p>For security selection, government bond yields have risen circa 10-15bps and are approaching fair value. However, with a weakening Malaysian Ringgit (MYR) and foreign investor interest falling, we will still prefer corporate bonds for the yield pickup especially if new issuances price in additional spread.</p>
<p><b>Additional Information</b></p>	<p>The following information was updated:</p> <ol style="list-style-type: none"> <li>1) En Izad Shahadi Bin Mohd Sallehuddin, an Independent Non-Executive Director of AmIslamic Funds Management Sdn. Bhd. ('AIFM'), has resigned from the Investment Committee with effect from 30 June 2023.</li> <li>2) Ms Tracy Chen Wee Keng, the Chief Executive Officer of AmInvestment Bank Berhad has been appointed as Member of the Investment Committee with effect from 30 June 2023.</li> <li>3) Pn Azian Binti Kassim has been appointed as an Independent Non-Executive Director of AIFM and a member of the Fund Management Division's Audit and Risk Management Committee with effect 30 June 2023.</li> <li>4) The Tenth Supplementary Master Prospectus dated 31 August 2023 has been registered with the Securities Commission Malaysia. The issuance of the Tenth Supplementary Master Prospectus is to be in line with the revised Guidelines on Unit Trust Funds and the Prospectus Guidelines for Collective Investment Schemes. Notice of the changes for the Tenth Supplementary Master Prospectus dated 31 August 2023 has been published on our website at <a href="http://www.aminvest.com">www.aminvest.com</a> and sent to the Unit Holders on 16 August 2023.</li> </ol>

Kuala Lumpur, Malaysia  
AmFunds Management Berhad

19 October 2023

## **Independent auditors' report to the unit holders of Amlslamic Fixed Income Conservative**

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

#### *Opinion*

We have audited the financial statements of Amlslamic Fixed Income Conservative (“the Fund”), which comprise the statement of financial position as at 31 August 2023 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 39.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 August 2023, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### *Basis for opinion*

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

#### *Independence and other ethical responsibilities*

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

#### *Information other than the financial statements and auditors' report thereon*

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

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

**Independent auditors' report to the unit holders of  
Amlslamic Fixed Income Conservative (cont'd.)**

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

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

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

*Responsibilities of the Manager and the Trustees for the financial statements*

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

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

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

*Auditor's responsibilities for the audit of the financial statements*

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

**Independent auditors' report to the unit holders of  
Amlslamic Fixed Income Conservative (cont'd.)**

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

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

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

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

**Independent auditors' report to the unit holders of  
Amlslamic Fixed Income Conservative (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 Unit Trust Funds issued by Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

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

Kuala Lumpur, Malaysia  
19 October 2023

**Amlslamic Fixed Income Conservative**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2023**

	<b>Note</b>	<b>2023 RM</b>	<b>2022 RM</b>
<b>ASSETS</b>			
Shariah-compliant investments	4	20,074,093	35,125,297
Amount due from Manager	5(a)	10,910	-
Shariah-compliant deposit with a licensed financial institution	6	2,434,393	5,464,337
Cash at bank		<u>10,623</u>	<u>10,827</u>
<b>TOTAL ASSETS</b>		<u>22,530,019</u>	<u>40,600,461</u>
<b>LIABILITIES</b>			
Amount due to Manager	5(b)	16,111	28,536
Amount due to Trustee	7	1,142	2,145
Sundry payables and accruals		<u>13,046</u>	<u>15,974</u>
<b>TOTAL LIABILITIES</b>		<u>30,299</u>	<u>46,655</u>
<b>NET ASSET VALUE (“NAV”) OF THE FUND</b>		<u>22,499,720</u>	<u>40,553,806</u>
<b>EQUITY</b>			
Unit holders’ capital	9(a)	(5,363,666)	13,288,505
Retained earnings	9(b)(c)	<u>27,863,386</u>	<u>27,265,301</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	9	<u>22,499,720</u>	<u>40,553,806</u>
<b>UNITS IN CIRCULATION</b>	9(a)	<u>15,795,849</u>	<u>29,215,713</u>
<b>NAV PER UNIT (RM)</b>		<u>1.4244</u>	<u>1.3881</u>

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

## Amlslamic Fixed Income Conservative

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

	Note	2023 RM	2022 RM
<b>SHARIAH-COMPLIANT INVESTMENT INCOME</b>			
Profit income		1,055,443	1,876,586
Net gain/(loss) from Shariah-compliant investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	<u>13,379</u>	<u>(812,023)</u>
		<u>1,068,822</u>	<u>1,064,563</u>
<b>EXPENDITURE</b>			
Manager’s fee	5	(201,804)	(390,250)
Trustee’s fee	7	(16,144)	(31,220)
Audit fee		(8,500)	(8,500)
Tax agent’s fee		(4,100)	(4,100)
Other expenses		<u>(14,967)</u>	<u>(10,993)</u>
		<u>(245,515)</u>	<u>(445,063)</u>
<b>Net income before taxation</b>		823,307	619,500
<b>Taxation</b>	11	<u>-</u>	<u>-</u>
<b>Net income after taxation, representing total comprehensive income for the financial year</b>		<u>823,307</u>	<u>619,500</u>
Total comprehensive income comprises the following:			
Realised income		517,090	1,072,249
Unrealised gain/(loss)		<u>306,217</u>	<u>(452,749)</u>
		<u>823,307</u>	<u>619,500</u>
<b>Distribution for the financial year</b>			
Net distribution	12	<u>225,222</u>	<u>857,916</u>
Gross distribution per unit (sen)	12	<u>1.44</u>	<u>3.00</u>
Net distribution per unit (sen)	12	<u>1.44</u>	<u>3.00</u>

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

## Amlslamic Fixed Income Conservative

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 September 2022		13,288,505	27,265,301	40,553,806
Total comprehensive income the financial year			823,307	823,307
Creation of units	9(a)	1,964,528	-	1,964,528
Reinvestment of distribution	9(a),12	225,222	-	225,222
Cancellation of units	9(a)	(20,841,921)	-	(20,841,921)
Distribution	12	-	(225,222)	(225,222)
Balance at 31 August 2023		<u>(5,363,666)</u>	<u>27,863,386</u>	<u>22,499,720</u>
At 1 September 2021		53,892,675	27,503,717	81,396,392
Total comprehensive income for the financial year		-	619,500	619,500
Creation of units	9(a)	2,232,385	-	2,232,385
Reinvestment of distribution	9(a),12	857,916	-	857,916
Cancellation of units	9(a)	(43,694,471)	-	(43,694,471)
Distribution	12	-	(857,916)	(857,916)
Balance at 31 August 2022		<u>13,288,505</u>	<u>27,265,301</u>	<u>40,553,806</u>

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



## Amlslamic Fixed Income Conservative

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

	Note	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>			
Proceeds from sale of Shariah-compliant investments		24,988,258	44,858,340
Purchase of Shariah-compliant investments		(10,116,000)	(7,020,000)
Profit received		1,247,768	2,633,806
Manager's fee paid		(214,229)	(418,411)
Trustee's fee paid		(17,147)	(33,334)
Tax agent's fee paid		(4,100)	(4,100)
Payments for other expenses		(26,395)	(19,654)
Net cash generated from operating and investing activities		<u>15,858,155</u>	<u>39,996,647</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		1,953,618	2,232,385
Payments for cancellation of units		(20,841,921)	(43,694,471)
Net cash used in financing activities		<u>(18,888,303)</u>	<u>(41,462,086)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(3,030,148)	(1,465,439)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>5,475,164</u>	<u>6,940,603</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		<u>2,445,016</u>	<u>5,475,164</u>
Cash and cash equivalents comprise:			
Shariah-compliant deposit with a licensed financial institution	6	2,434,393	5,464,337
Cash at bank		10,623	10,827
		<u>2,445,016</u>	<u>5,475,164</u>

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

## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

#### 1. GENERAL INFORMATION

Amlslamic Fixed Income Conservative (“the Fund”) was established pursuant to a Deed dated 18 July 2011 as amended by Deeds supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, Deutsche Trustees Malaysia Berhad as the Trustee and all unit holders.

The Fund was set up with the objective of providing capital appreciation over the short to medium term by investing in a portfolio consisting of fixed income instruments that comply with Shariah principles. As provided in the Deed, the financial year shall end on 31 August and the units in the Fund were first offered for sale on 9 January 2012.

The financial statements were authorised for issue by the Manager on 19 October 2023.

#### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

##### Standards effective during the financial year

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

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

## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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

##### Standards issued but not yet effective

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

Description	Effective for financial periods beginning on or after
MFRS 17 <i>Insurance Contracts and Amendments to MFRS 17*</i>	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information (Amendments to MFRS 17 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 16 <i>Leases: Lease Liability in a Sale and Leaseback*</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements: Non-Current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 <i>Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 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 SIGNIFICANT ACCOUNTING POLICIES

##### 3.1 Income recognition

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

## **Amlslamic Fixed Income Conservative**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

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

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

(i) Profit income

For all profit-bearing financial assets, profit income is calculated using the effective profit method. Effective profit 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 profit rate, but not future credit losses.

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

(ii) Gain or loss on disposal of Shariah-compliant investments

On disposal of Shariah-compliant 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 Shariah-compliant 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.

## **Amlslamic Fixed Income Conservative**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

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

##### **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 Shariah-compliant investments that are readily convertible to cash with insignificant risk of changes in value.

##### **3.5 Distribution**

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

##### **3.6 Unit holders' capital**

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

##### **3.7 Financial assets – initial recognition and measurement**

###### **(i) Initial recognition**

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

###### **(ii) Initial measurement**

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

## **Amlslamic Fixed Income Conservative**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

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

##### **3.7 Financial assets – 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.

##### **3.8 Financial assets – classification and subsequent measurement**

The classification and subsequent measurement of debt instruments held by the Fund are determined based on their business model and cash flow characteristics.

*Business model*

The business model reflects how the Fund manages the financial assets in order to generate cash flows. That is, whether the Fund’s objective is solely to collect the contractual cash flows from the assets, or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. the financial assets are held for trading purposes), then the financial assets are classified as part of “other” business model. Factors considered by the Fund in determining the business model for a portfolio of assets include past experience on how the cash flows for these assets were collected, how the asset’s performance is evaluated and reported to key management personnel, and how risks are assessed and managed.

*Cash flow characteristics*

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Fund assesses whether the financial assets’ contractual cash flows represent solely payment of principal and profit (“SPPP”). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic financing arrangement, i.e. profit includes only consideration for time value of money, credit risk, other basic financing risks and a profit margin that is consistent with a basic financing arrangement. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPP.

## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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

##### 3.9 Financial assets under MFRS 9

###### *Classification and measurement*

The classification of financial assets depends on the Fund's business model of managing the financial assets in order to generate cash flows ("business model test") and the contractual cash flow characteristics of the financial instruments ("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 deposit with a licensed financial institution, cash at bank, amount due from Target Fund Manager, amount due from brokers/financial institutions, amount due from Manager, dividend/distribution receivables and other receivables.

###### *Financial assets at FVOCI*

A financial asset is measured at fair value through other comprehensive income ("FVOCI") if its business model is both to hold the asset to collect contractual cash flows and to sell the financial asset. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and profit on the outstanding principal.

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".

## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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

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

###### *Classification and measurement (cont'd.)*

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

###### *Financial assets at FVTPL (cont'd.)*

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

##### 3.10 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.

##### 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

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

**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 unquoted 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 profit, which includes the accretion of discount and amortisation of premium. Adjusted cost of Shariah-compliant investments relates to the purchased cost plus accrued profit, adjusted for amortisation of premium and accretion of discount, if any, calculated over the period from the date of acquisition to the date of maturity of the respective securities as approved by the Manager and the Trustee. The difference between adjusted cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gains or losses recognised in profit or loss are not distributable in nature.

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

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

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

## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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

##### 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 investments as financial assets at FVTPL as the Fund may sell its Shariah-compliant 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. SHARIAH-COMPLIANT INVESTMENTS

	2023 RM	2022 RM
<b>Financial assets at FVTPL</b>		
At nominal value:		
Corporate sukuk	9,500,000	34,400,000
Government investment issue	10,000,000	-
	<u>19,500,000</u>	<u>34,400,000</u>
At fair value:		
Corporate sukuk	9,800,560	35,125,297
Government investment issue	10,273,533	-
	<u>20,074,093</u>	<u>35,125,297</u>

## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

#### 4. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

Details of Shariah-compliant investments as at 31 August 2023 are as follows:

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>Corporate sukuk</b>						
25.09.2024	Malayan Banking Berhad	AA	2,000,000	2,035,523	2,035,323	9.05
30.01.2026	Malayan Banking Berhad	AA	1,000,000	1,020,039	1,004,129	4.53
19.03.2026	IJM Land Berhad	A	1,500,000	1,566,962	1,579,465	6.97
10.02.2027	AEON Credit Service (M) Berhad	AA	2,000,000	1,984,521	2,004,581	8.82
29.06.2029	PONSB Capital Berhad	AA	3,000,000	3,193,515	3,027,496	14.19
<b>Total corporate sukuk</b>			<u>9,500,000</u>	<u>9,800,560</u>	<u>9,650,994</u>	<u>43.56</u>
<b>Government Investment Issue</b>						
15.10.2025	Government of Malaysia	NR*	10,000,000	10,273,533	10,244,622	45.66
<b>Total financial assets at FVTPL</b>			<u>19,500,000</u>	<u>20,074,093</u>	<u>19,895,616</u>	<u>89.22</u>
<b>Excess of fair value over adjusted cost</b>				<u>178,477</u>		

\* Non-Rated

The weighted average effective yield on Shariah-compliant investments are as follows:

	Effective yield	
	2023 %	2022 %
Corporate sukuk	4.24	4.09
Government Investment Issue	3.39	-

## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

#### 4. SHARIAH-COMPLIANT INVESTMENTS (CONT'D.)

Analysis of the remaining maturity of Shariah-compliant investments as at 31 August 2023 and 31 August 2022 are as follows:

	Less than 1 year RM	1 year to 5 years RM	More than 5 years RM
<b>2023</b>			
At nominal value:			
Corporate sukuk	-	6,500,000	3,000,000
Government Investment Issue	-	10,000,000	-
	<u>-</u>	<u>10,000,000</u>	<u>-</u>
<b>2022</b>			
At nominal value:			
Corporate sukuk	<u>5,700,000</u>	<u>25,700,000</u>	<u>3,000,000</u>

#### 5. AMOUNT DUE FROM/TO MANAGER

	Note	2023 RM	2022 RM
<b>(a) Due from Manager</b>			
Creation of units	(i)	<u>10,910</u>	<u>-</u>
<b>(b) Due to Manager</b>			
Manager's fee payable	(ii)	<u>16,111</u>	<u>28,536</u>

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

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

(ii) Manager's fee is at a rate of 0.75% (2022: 0.75%) per annum on the NAV of the Fund, calculated on a daily basis.

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

## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

#### 6. SHARIAH-COMPLIANT DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	2023 RM	2022 RM
At nominal value:		
Short-term deposit	<u>2,434,000</u>	<u>5,464,000</u>
At carrying value:		
Short-term deposit	<u>2,434,393</u>	<u>5,464,337</u>

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

Maturity date	Financial institution	Nominal value RM	Carrying value RM	Carrying value as a percentage of NAV %
<b>2023</b>				
<b>Short-term deposit</b>				
01.09.2023	CIMB Islamic Bank Berhad	<u>2,434,000</u>	<u>2,434,393</u>	<u>10.82</u>

The weighted average effective profit rate and weighted average remaining maturity of short-term deposit is as follows:

	Weighted average effective profit rate		Weighted average remaining maturity	
	2023 %	2022 %	2023 Day	2022 Day
Short-term deposit	<u>2.95</u>	<u>2.25</u>	<u>1</u>	<u>1</u>

#### 7. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.06% (2022: 0.06%) per annum on the NAV of the Fund, calculated on a daily basis, subject to a minimum fee of RM10,000 per annum.

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

## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

#### 8. NET GAIN/(LOSS) FROM SHARIAH-COMPLIANT INVESTMENTS

	2023 RM	2022 RM
Net gain/(loss) on financial assets at FVTPL comprised:		
– Net realised losses on sale of Shariah-compliant investments	(292,838)	(359,274)
– Net unrealised gain/(loss) on changes in fair value of Shariah-compliant investments	306,217	(452,749)
	<u>13,379</u>	<u>(812,023)</u>

#### 9. TOTAL EQUITY

Total equity is represented by:

	Note	2023 RM	2022 RM
Unit holders' capital	(a)	(5,363,666)	13,288,505
Retained earnings			
– Realised income	(b)	27,684,909	27,393,041
– Unrealised gain/(loss)	(c)	178,477	(127,740)
		<u>22,499,720</u>	<u>40,553,806</u>

##### (a) Unit holders' capital/units in circulation

	2023		2022	
	Number of units	RM	Number of units	RM
At beginning of the financial year	29,215,713	13,288,505	58,309,877	53,892,675
Creation during the financial year	1,394,535	1,964,528	1,596,297	2,232,385
Reinvestment of distribution	158,262	225,222	618,497	857,916
Cancellation during the financial year	<u>(14,972,661)</u>	<u>(20,841,921)</u>	<u>(31,308,958)</u>	<u>(43,694,471)</u>
At end of the financial year	<u>15,795,849</u>	<u>(5,363,666)</u>	<u>29,215,713</u>	<u>13,288,505</u>

The negative balance of unit holders' capital was due to the cancellation of units at a higher NAV per unit following the price appreciation of the Fund as compared to the units being created at a lower NAV per unit in prior years.

## AmIslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

#### 9. TOTAL EQUITY (CONT'D.)

##### (b) Realised – distributable

	2023 RM	2022 RM
At beginning of the financial year	27,393,041	27,178,708
Net realised income for the financial year	517,090	1,072,249
Distribution out of realised income (Note 12)	<u>(225,222)</u>	<u>(857,916)</u>
At end of the financial year	<u>27,684,909</u>	<u>27,393,041</u>

Any distribution should take into consideration negative balance in unit holders' capital, which as per the following:

	2023 RM
Gross realised - distributable	27,684,909
Unit holders' capital	<u>(5,363,666)</u>
At end of the financial year	<u>22,321,243</u>

##### (c) Unrealised – non-distributable

	2023 RM	2022 RM
At beginning of the financial year	(127,740)	325,009
Net unrealised gain/(loss) for the financial year	<u>306,217</u>	<u>(452,749)</u>
At end of the financial year	<u>178,477</u>	<u>(127,740)</u>

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

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

##### Related parties

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

##### Relationships

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

There are no units held by the Manager or any related party as at 31 August 2023 and 31 August 2022.

## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

#### 11. TAXATION

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

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Net income before taxation	<u>823,307</u>	<u>619,500</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	197,594	148,680
Tax effects of:		
Income not subject to tax	(326,798)	(450,381)
Loss not allowed for tax deduction	70,281	194,886
Restriction on tax deductible expenses for unit trust fund	45,426	86,130
Non-permitted expenses for tax purposes	8,451	11,115
Permitted expenses not used and not available for future financial years	<u>5,046</u>	<u>9,570</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

#### 12. DISTRIBUTION

Distribution to unit holders declared for the current and previous financial years are from the following sources:

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Profit income	470,737	1,302,979
Less: Expenses	<u>(245,515)</u>	<u>(445,063)</u>
Total amount of distribution	<u>225,222</u>	<u>857,916</u>
Gross distribution per unit (sen)	<u>1.44</u>	<u>3.00</u>
Net distribution per unit (sen)	<u>1.44</u>	<u>3.00</u>
Distribution made out of:		
- Realised income [Note 9(b)]	<u>225,222</u>	<u>857,916</u>
Comprising:		
Reinvestment of distribution	<u>225,222</u>	<u>857,916</u>



## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

#### 12. DISTRIBUTION (CONT'D.)

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

##### Financial year ended 31 August 2023

Distribution Ex-date	Gross distribution per unit RM (sen)	Net distribution per unit RM (sen)	Total distribution RM
23 August 2023	1.44	1.44	225,222

##### Financial year ended 31 August 2022

Distribution Ex-date	Gross distribution per unit RM (sen)	Net distribution per unit RM (sen)	Total distribution RM
24 August 2022	3.00	3.00	857,916

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 distribution declared for the financial year ended 31 August 2022 has been proposed before taking into account the net unrealised loss of RM452,749 arising during the financial year which is carried forward to the next financial year.

#### 13. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	2023 % p.a.	2022 % p.a.
Manager's fee	0.75	0.75
Trustee's fee	0.06	0.06
Fund's other expenses	0.10	0.05
Total TER	0.91	0.86

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.

## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

#### 14. 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 0.66 times (2022: 0.50 times).

#### 15. 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 fixed income securities in Malaysia. The Manager is of the opinion that the risk and rewards from these Shariah-compliant investments are not individually or segmentally distinct and hence the Fund does not have a separately identifiable business or geographical segments.

#### 16. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with financial institutions for the financial year ended 31 August 2023 are as follows:

Financial institutions	Transaction value	
	RM	%
CIMB Islamic Bank Berhad	10,244,798	33.26
RHB Investment Bank Berhad	7,208,766	23.40
Hong Leong Bank Berhad	5,165,302	16.77
United Overseas Bank (Malaysia) Bhd.	5,054,973	16.41
CIMB Bank Berhad	3,129,748	10.16
Total	<u>30,803,587</u>	<u>100.00</u>

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

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

#### 17. FINANCIAL INSTRUMENTS

##### (a) Classification of financial instruments

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

## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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

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

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>2023</b>				
<b>Assets</b>				
Shariah-compliant investments	20,074,093	-	-	20,074,093
Amount due from Manager	-	10,910	-	10,910
Shariah-compliant deposit with a licensed financial institution	-	2,434,393	-	2,434,393
Cash at bank	-	10,623	-	10,623
Total financial assets	<u>20,074,093</u>	<u>2,455,926</u>	<u>-</u>	<u>22,530,019</u>
<b>Liabilities</b>				
Amount due to Manager	-	-	16,111	16,111
Amount due to Trustee	-	-	1,142	1,142
Total financial liabilities	<u>-</u>	<u>-</u>	<u>17,253</u>	<u>17,253</u>
<b>2022</b>				
<b>Assets</b>				
Shariah-compliant investments	35,125,297	-	-	35,125,297
Shariah-compliant deposit with a licensed financial institution	-	5,464,337	-	5,464,337
Cash at bank	-	10,827	-	10,827
Total financial assets	<u>35,125,297</u>	<u>5,475,164</u>	<u>-</u>	<u>40,600,461</u>
<b>Liabilities</b>				
Amount due to Manager	-	-	28,536	28,536
Amount due to Trustee	-	-	2,145	2,145
Total financial liabilities	<u>-</u>	<u>-</u>	<u>30,681</u>	<u>30,681</u>
<b>Income, expenses, gains and losses</b>				
<b>2023</b>				
<b>2022</b>				
<b>RM</b>				
<b>RM</b>				
Net gain/(loss) from financial assets at FVTPL			13,379	(812,023)
Income, of which derived from:				
- Profit income from financial assets at FVTPL			970,568	1,746,145
- Profit income from financial assets at amortised cost			84,875	130,441

## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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

##### (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.

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
<b>2023</b>				
Financial assets at FVTPL	-	20,074,093	-	20,074,093
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>2022</b>				
Financial assets at FVTPL	-	35,125,297	-	35,125,297
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </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:

- Amount due from/to Manager
- Shariah-compliant deposit with a licensed financial institution
- Cash at bank
- Amount due to Trustee

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.

## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

#### 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks that include market risk, credit risk, liquidity risk, single issuer risk, regulatory risk, 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 investments restrictions as stipulated by the Capital Market and Services Act 2007, Securities Commission Malaysia's Guidelines on Unit Trust Funds, Securities Commission Malaysia's Guidelines on Islamic Capital Markets Products 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) Rate of return risk

Rate of return risk will affect the value of the Fund's Shariah-compliant investments, given the rate of return movements, which are influenced by regional and local economic developments as well as political developments.

Domestic profit rates on Shariah-compliant deposits and placements with licensed financial institutions are determined based on prevailing market rates.

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

Parallel shift in yield curve by:	Sensitivity of the Fund's NAV, or theoretical value	
	2023 RM	2022 RM
+100 bps	(497,103)	(798,160)
-100 bps	515,846	810,810

## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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

##### (b) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. The Fund is exposed to the risk of sukuk issuers and financial institutions defaulting on their repayment obligations which in turn would affect the NAV of the Fund.

##### (i) Credit quality of financial assets

The following table analyses the Fund's portfolio of debt securities by rating category as at 31 August 2023 and 31 August 2022:

Credit rating	RM	As a % of debt securities	As a % of NAV
<b>2023</b>			
AA	8,233,598	41.02	36.59
A	1,566,962	7.81	6.97
NR	10,273,533	51.17	45.66
	<u>20,074,093</u>	<u>100.00</u>	<u>89.22</u>
<b>2022</b>			
AA	27,746,265	78.99	68.41
A	7,379,032	21.01	18.20
	<u>35,125,297</u>	<u>100.00</u>	<u>86.61</u>

For Shariah-compliant deposit with a licensed financial institution, the Fund only makes placements with financial institutions with sound rating. The following table presents the Fund's portfolio of deposits by rating category as at 31 August 2023 and 31 August 2022:

Credit rating	RM	As a % of deposits	As a % of NAV
<b>2023</b>			
P1/MARC-1	<u>2,434,393</u>	<u>100.00</u>	<u>10.82</u>
<b>2022</b>			
P1/MARC-1	<u>5,464,337</u>	<u>100.00</u>	<u>13.47</u>

Cash at bank is held for liquidity purposes and is not exposed to significant credit risk.

## Amlslamic Fixed Income Conservative

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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

##### (b) Credit risk (cont'd.)

##### (ii) Credit risk concentration

Concentration of risk is monitored and managed based on sectorial distribution. The table below analyses the Fund's portfolio of debt securities by sectorial distribution as at 31 August 2023 and 31 August 2022:

Sector	RM	As a % of debt securities	As a % of NAV
<b>2023</b>			
Consumer discretionary	3,193,515	15.90	14.19
Financial services	5,040,083	25.11	22.40
Public administration	10,273,533	51.18	45.66
Real estate	1,566,962	7.81	6.97
	<u>20,074,093</u>	<u>100.00</u>	<u>89.22</u>
<b>2022</b>			
Diversified holdings	1,560,377	4.44	3.85
Financial services	10,841,483	30.87	26.73
Industrial products	8,078,221	23.00	19.92
Infrastructure and utilities	14,645,216	41.69	36.11
	<u>35,125,297</u>	<u>100.00</u>	<u>86.61</u>

There is no geographical risk as the Fund invests only in Shariah-compliant investments in Malaysia.

##### (c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise of Shariah-compliant deposit 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.

Amlslamic Fixed Income Conservative

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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

(c) Liquidity risk (cont'd.)

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

	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
<b>2023</b>						
<b>Financial assets</b>						
Shariah-compliant investments	847,844	2,807,950	13,042,956	2,197,612	159,736	3,158,864
Amount due from Manager	10,910	-	-	-	-	-
Shariah-compliant deposit with a licensed financial institution	2,434,393	-	-	-	-	-
Cash at bank	10,623	-	-	-	-	-
<b>Total assets</b>	<b>3,303,770</b>	<b>2,807,950</b>	<b>13,042,956</b>	<b>2,197,612</b>	<b>159,736</b>	<b>3,158,864</b>
<b>Financial liabilities</b>						
Amount due to Manager	16,111	-	-	-	-	-
Amount due to Trustee	1,142	-	-	-	-	-
Sundry payables and accruals	13,046	-	-	-	-	-
<b>Total liabilities</b>	<b>30,299</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**Amlslamic Fixed Income Conservative**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

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

**(c) Liquidity risk (cont'd.)**

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

	Contractual cash flows (undiscounted)					
	0 – 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM	More than 5 years RM
<b>2022</b>						
<b>Financial assets</b>						
Shariah-compliant investments	7,238,264	9,370,348	7,833,512	8,032,867	3,223,790	3,318,600
Shariah-compliant deposit with a licensed financial institution	5,464,674	-	-	-	-	-
Cash at bank	10,827	-	-	-	-	-
<b>Total assets</b>	<b>12,713,765</b>	<b>9,370,348</b>	<b>7,833,512</b>	<b>8,032,867</b>	<b>3,223,790</b>	<b>3,318,600</b>
<b>Financial liabilities</b>						
Amount due to Manager	28,536	-	-	-	-	-
Amount due to Trustee	2,145	-	-	-	-	-
Sundry payables and accruals	15,974	-	-	-	-	-
<b>Total liabilities</b>	<b>46,655</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **Amlslamic Fixed Income Conservative**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

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

**(d) Single issuer risk**

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

**(e) Regulatory risk**

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

**(f) Management risk**

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

**(g) Non-compliance risk**

This is the risk of the Manager or the Trustee not complying with their respective internal policies, the Deed and its Supplemental Deed, securities law 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-compliant instruments, non-compliance may adversely affect the NAV of the Fund when the rectification of non-compliance results in losses.

#### **19. CAPITAL MANAGEMENT**

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

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

No changes were made in the objective, policies or processes during the financial years ended 31 August 2023 and 31 August 2022.

## **AmIslamic Fixed Income Conservative**

### **STATEMENT BY THE MANAGER**

I, Goh Wee Peng, being the Director of and on behalf of the Board of Directors of AmFunds Management Berhad (“the Manager”), do hereby state that in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of AmIslamic Fixed Income Conservative (“the Fund”) as at 31 August 2023 and the comprehensive income, the changes in equity and cash flows for the financial year then ended.

For and on behalf of the Manager

**GOH WEE PENG**

Executive Director

Kuala Lumpur, Malaysia

19 October 2023

## **TRUSTEE'S REPORT**

### **TO THE UNIT HOLDERS OF AMISLAMIC FIXED INCOME CONSERVATIVE ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 31 August 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AmFunds Management Berhad has operated and managed the Fund during the year covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

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

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Fund Operations

**Sylvia Beh**  
Chief Executive Officer

Kuala Lumpur  
19 October 2023

## SHARIAH ADVISER'S REPORT FOR ISLAMIC UNIT TRUST FUND

To the unit holders of AmIslamic Fixed Income Conservative ("Fund"),

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, AmFunds Management Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the 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: 19 October 2023

## 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

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.)*

