

Annual Report for

AmIslamic Fixed Income Conservative

31 August 2024



AmInvest

Growing Your Investments in a Changing World

TRUST DIRECTORY

Manager

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

Board of Directors

Jeyaratnam A/L Tamotharam Pillai
Ng Chih Kaye
Jas Bir Kaur A/P Lol Singh
Arnold Lim Boon Lay
Goh Wee Peng

Investment Committee

Arnold Lim Boon Lay
Tracy Chen Wee Keng
Goh Wee Peng

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
- 6** Independent Auditors' Report to the Unitholders
- 10** Statement of Financial Position
- 11** Statement of Comprehensive Income
- 12** Statement of Changes in Equity
- 13** Statement of Cash Flows
- 14** Notes to the Financial Statements
- 38** Statement by the Manager
- 39** Trustee's Report
- 40** Shariah Adviser's Report
- 41** 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 2024.

Salient Information of the Fund

Name	Amlslamic Fixed Income Conservative ("Fund")
Category/ Type	Sukuk / Growth
Objective	<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>
Duration	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.
Performance Benchmark	<p>Maybank 12-months General Investment Account rate-i ("MBB"). (Available at www.aminvest.com / www.maybank2u.com.my)</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>
Income Distribution Policy	Income distribution (if any) is incidental and will be reinvested.

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 31 August are as follows:			
		As at 31 August		
		2024 %	2023 %	2022 %
	Corporate sukuk	-	43.56	86.61
	Government Investment Issue	86.90	45.66	-
	Money market deposits and cash equivalents	13.10	10.78	13.39
Total	100.00	100.00	100.00	
	<i>Note: The abovementioned percentages are calculated based on total net asset value.</i>			

Performance Details

Performance details of the Fund for the financial years ended 31 August are as follows:

	FYE 2024	FYE 2023	FYE 2022
Net asset value (RM)	2,969,260	22,499,720	40,553,806
Units in circulation	2,036,707	15,795,849	29,215,713
Net asset value per unit (RM)	1.4579	1.4244	1.3881
Highest net asset value per unit (RM)	1.4588	1.4375	1.4169
Lowest net asset value per unit (RM)	1.4237	1.3838	1.3871
Benchmark performance (%)	2.86	2.95	2.08
Total return (%) ⁽¹⁾	2.35	3.65	1.59
- Capital growth (%)	2.35	2.61	-0.56
- 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 (%) ⁽²⁾	1.06	0.91	0.86
Portfolio turnover ratio (times) ⁽³⁾	1.85	0.66	0.50

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 0.15% as compared to 0.91% per annum for the financial year ended 31 August 2023 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 2024 and 2023 were due mainly to investing activities.

Average Total Return (as at 31 August 2024)

	Amlslamic Fixed Income Conservative^(a) %	MBB^(b) %
One year	2.35	2.86
Three years	2.53	2.63
Five years	2.72	2.53
Ten years	3.36	3.04

Annual Total Return

Financial Years Ended (31 August)	Amlslamic Fixed Income Conservative^(a) %	MBB^(b) %
2024	2.35	2.86
2023	3.65	2.95
2022	1.59	2.08
2021	1.48	1.95
2020	4.58	2.85

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

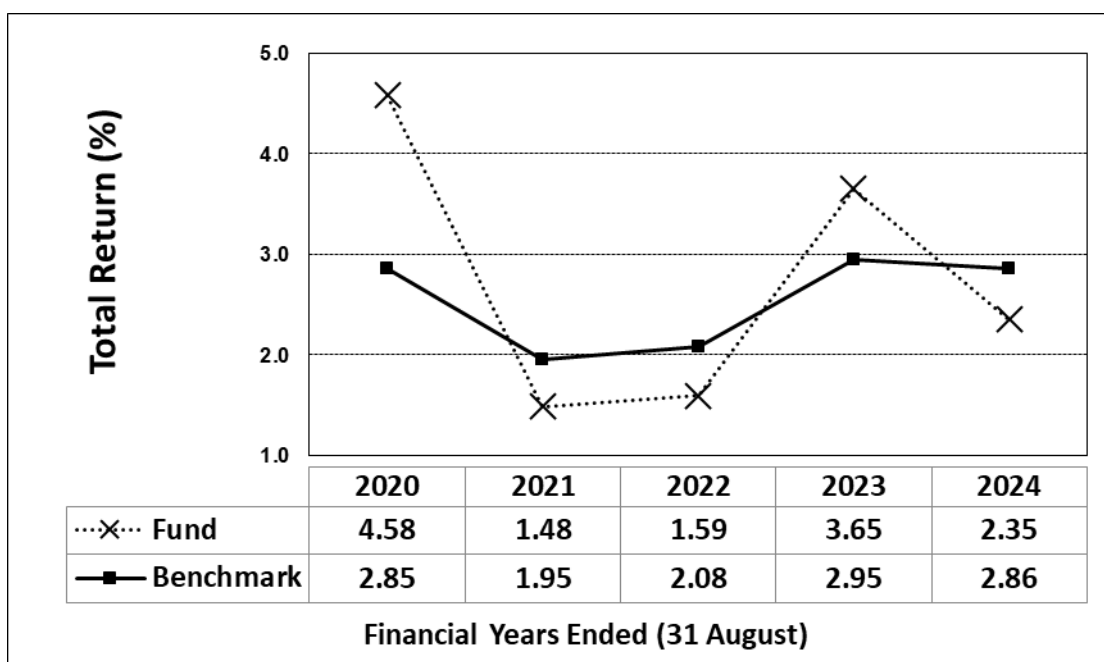
Fund Performance

For the financial year under review, the Fund registered a return of 2.35% which is entirely capital growth in nature.

Thus, the Fund’s return of 2.35% has underperformed the benchmark’s return of 2.86% by 0.51%.

As compared with the financial year ended 31 August 2023, the net asset value (“NAV”) per unit of the Fund increased by 2.35% from RM1.4244 to RM1.4579, while units in circulation decreased by 87.11% from 15,795,849 units to 2,036,707 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.

Strategies and Policies Employed

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.

The Fund will place maximum 30% of its NAV in Islamic deposits and/or Islamic money market instruments.

	The Fund is actively managed. However, the frequency of its trading strategy will depend on investment opportunities.																				
Portfolio Structure	<p>The table below is the asset allocation of the Fund as at 31 August 2024 and 31 August 2023.</p> <table border="1"> <thead> <tr> <th></th> <th>As at 31.08.2024 %</th> <th>As at 31.08.2023 %</th> <th>Changes %</th> </tr> </thead> <tbody> <tr> <td>Corporate sukuk</td> <td>-</td> <td>43.56</td> <td>-43.56</td> </tr> <tr> <td>Government Investment Issue</td> <td>86.90</td> <td>45.66</td> <td>41.24</td> </tr> <tr> <td>Money market deposits and cash equivalents</td> <td>13.10</td> <td>10.78</td> <td>2.32</td> </tr> <tr> <td>Total</td> <td>100.00</td> <td>100.00</td> <td></td> </tr> </tbody> </table> <p>For the financial year under review, the Fund invested 86.90% of its NAV in Government Investment Issue and the remaining balance of 13.10% was held in money market deposits and cash equivalents.</p>		As at 31.08.2024 %	As at 31.08.2023 %	Changes %	Corporate sukuk	-	43.56	-43.56	Government Investment Issue	86.90	45.66	41.24	Money market deposits and cash equivalents	13.10	10.78	2.32	Total	100.00	100.00	
	As at 31.08.2024 %	As at 31.08.2023 %	Changes %																		
Corporate sukuk	-	43.56	-43.56																		
Government Investment Issue	86.90	45.66	41.24																		
Money market deposits and cash equivalents	13.10	10.78	2.32																		
Total	100.00	100.00																			
Securities Lending / Repurchase Transactions	The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”).																				
Cross Trades	There were no cross trades undertaken during the financial year under review.																				
Distribution/ unit splits	There is no income distribution and unit split declared for the financial year under review.																				
State of Affairs	There has been neither significant 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.																				
Rebates and Soft Commission	During the year, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.																				
Market Review	<p>After experiencing bullish trends in early 2023, the Malaysian bond market saw a pullback in second half of 2023, driven by weaker global sentiment. Malaysia bond market ended the year in a positive territory, on the narrative that the Federal Reserve's (Fed) period of rate tightening may be over and setting the stage for rate cuts to occur in 2024.</p> <p>In 2024, Malaysia bond market started the year with a sell-off amid profit taking activities. Local bond market traded weaker in early February as risk-off sentiment emerged in global rate after strong United States (US) jobs data and higher-than-expected US inflation prints forced US Feds to push back on dovish market expectations. Malaysian bond market was trading in a tight range of 4-9bps in March 2024.</p> <p>In April 2024, Malaysian bond market underperformed, in tandem with the sell-off in United States Treasury (UST) as sticky inflation and a resilient labor market have given more reasons for the US Fed to stand pat on key rates. Apart from that, thin market liquidity and rising geopolitical risk in the Middle East also dented local bond market sentiment. In May 2024, Malaysian bond market strengthened driven primarily by lower-than-expected US Job data released at the beginning of the month</p>																				

	<p>and dovish tone from the US Fed in its post-FOMC meeting speech. Bank Negara Malaysia (BNM) also maintained the Overnight Policy Rate (OPR) at 3.00% during policy meeting with a neutral monetary stance. Overall, the Malaysian Government Securities (MGS) curve bull-flattened in May 2024 with yields declined by 2-12bps on a month-on-month (MoM) basis. In June 2024, Malaysian bond market further strengthened driven by similar movement in the UST as the US economic data showed some signs of moderating inflation. The MGS curve experienced a bull steepening in June 2024, with yields declining by 1 to 6 basis points on a MoM basis, led by the 3-year and 7-year. In July 2024, the Malaysian bond market strengthened as it was influenced by similar bullish sentiment in UST on continued disinflation and signs of a tighter labour market. The MGS curve continued bull steepening more strongly than the previous month, with yields declining by 15bps on MoM basis for the 3-year, 5-year, 7-year and 10-year tenures. The ultra-long 20-year and 30-year MGS also rallied with yields falling in the mid- to high- single digit. In August 2024, MGS saw yields rise marginally across the curve, despite the lowering of yields in the UST curve. Much of the movement in the US reflects the expectation of a rate cut heightens in the US while the marginal shift in local MGS curve reflects the absence of local catalyst following a rally in July.</p>
<p>Market Outlook</p>	<p>With the US Federal Reserve initiating a rate-cutting cycle, we anticipate increased foreign inflows into the domestic bond market, driven by expectations of currency appreciation. Bond yields are likely to remain well-supported, with any corrections expected to be short-lived due to strong demand and liquidity.</p> <p>Despite the domestic bond market rallying since the start of the year, we maintain a positive outlook as we enter into the 4th quarter of 2024. Strong market liquidity and sustained demand for bonds, coupled with an extended pause in the OPR by BNM, support this bullish sentiment.</p>

Kuala Lumpur, Malaysia
AmFunds Management Berhad

18 October 2024

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 2024, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 10 to 37.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 August 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 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 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 but to do so.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

Kuala Lumpur, Malaysia
18 October 2024

Amlslamic Fixed Income Conservative

STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2024

	Note	2024 RM	2023 RM
ASSETS			
Shariah-compliant investments	4	2,580,369	20,074,093
Amount due from brokers	5	1,015,987	-
Amount due from Manager	6(a)	-	10,910
Shariah-compliant deposits with licensed financial institutions	7	800,130	2,434,393
Cash at bank		1,170,108	10,623
TOTAL ASSETS		<u>5,566,594</u>	<u>22,530,019</u>
LIABILITIES			
Amount due to brokers	5	2,580,869	-
Amount due to Manager	6(b)	3,011	16,111
Amount due to Trustee	8	151	1,142
Sundry payables and accruals		13,303	13,046
TOTAL LIABILITIES		<u>2,597,334</u>	<u>30,299</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>2,969,260</u>	<u>22,499,720</u>
EQUITY			
Unit holders' capital	10(a)	(25,155,562)	(5,363,666)
Retained earnings	10(b)(c)	28,124,822	27,863,386
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	10	<u>2,969,260</u>	<u>22,499,720</u>
UNITS IN CIRCULATION	10(a)	<u>2,036,707</u>	<u>15,795,849</u>
NAV PER UNIT (RM)		<u>1.4579</u>	<u>1.4244</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 2024

	Note	2024 RM	2023 RM
SHARIAH-COMPLIANT INVESTMENT INCOME			
Profit income		416,275	1,055,443
Net (loss)/gain from Shariah-compliant investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	9	<u>(37,812)</u>	<u>13,379</u>
		<u>378,463</u>	<u>1,068,822</u>
EXPENDITURE			
Manager’s fee	6	(83,115)	(201,804)
Trustee’s fee	8	(6,649)	(16,144)
Audit fee		(8,500)	(8,500)
Tax agent’s fee		(4,100)	(4,100)
Other expenses		<u>(14,663)</u>	<u>(14,967)</u>
		<u>(117,027)</u>	<u>(245,515)</u>
Net income before taxation		261,436	823,307
Taxation	12	<u>-</u>	<u>-</u>
Net income after taxation, representing total comprehensive income for the financial year		<u>261,436</u>	<u>823,307</u>
Total comprehensive income comprises the following:			
Realised income		440,367	517,090
Unrealised (loss)/gain		<u>(178,931)</u>	<u>306,217</u>
		<u>261,436</u>	<u>823,307</u>
Distribution for the financial year			
Net distribution	13	<u>-</u>	<u>225,222</u>
Gross distribution per unit (sen)	13	<u>-</u>	<u>1.44</u>
Net distribution per unit (sen)	13	<u>-</u>	<u>1.44</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 2024

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 September 2023		(5,363,666)	27,863,386	22,499,720
Total comprehensive income the financial year		-	261,436	261,436
Creation of units	10(a)	1,409,851	-	1,409,851
Cancellation of units	10(a)	(21,201,747)	-	(21,201,747)
Balance at 31 August 2024		<u>(25,155,562)</u>	<u>28,124,822</u>	<u>2,969,260</u>
At 1 September 2022		13,288,505	27,265,301	40,553,806
Total comprehensive income for the financial year		-	823,307	823,307
Creation of units	10(a)	1,964,528	-	1,964,528
Reinvestment of distribution	10(a)	225,222	-	225,222
Cancellation of units	10(a)	(20,841,921)	-	(20,841,921)
Distribution	13	-	(225,222)	(225,222)
Balance at 31 August 2023		<u>(5,363,666)</u>	<u>27,863,386</u>	<u>22,499,720</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 2024

	Note	2024 RM	2023 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of Shariah-compliant investments		27,854,963	24,988,258
Purchases of Shariah-compliant investments		(9,088,431)	(10,116,000)
Profit received		670,537	1,247,768
Manager's fee paid		(97,219)	(214,229)
Trustee's fee paid		(7,640)	(17,147)
Tax agent's fee paid		(4,100)	(4,100)
Payments for other expenses		(22,906)	(26,395)
Net cash generated from operating and investing activities		<u>19,305,204</u>	<u>15,858,155</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		1,420,761	1,953,618
Payments for cancellation of units		(21,200,743)	(20,841,921)
Net cash used in financing activities		<u>(19,779,982)</u>	<u>(18,888,303)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(474,778)	(3,030,148)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>2,445,016</u>	<u>5,475,164</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		<u>1,970,238</u>	<u>2,445,016</u>
Cash and cash equivalents comprise:			
Shariah-compliant deposits with licensed financial institutions	7	800,130	2,434,393
Cash at bank		1,170,108	10,623
		<u>1,970,238</u>	<u>2,445,016</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 2024

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 “Deeds”), 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 Deeds, 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 18 October 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.

Description	Effective for financial periods beginning on or after
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 Fixed Income Conservative

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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 Fixed Income Conservative

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

3. SUMMARY OF 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 2024

3. SUMMARY OF 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

Distribution is at the discretion of the Manager. A distribution to the Fund's unit holders is accounted for as a deduction from retained earnings and realised income. Realised income is the income earned from 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 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 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 2024

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

3.7 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.

3.8 Financial assets

Classification and measurement

The classification of financial assets depends on the Fund’s business model of managing the financial assets in order to generate cash flows (“business model test”) and the contractual cash flow characteristics of the financial instruments (“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.

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 2024

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

3.8 Financial assets (cont'd.)

Classification and measurement (cont'd.)

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

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 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".

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024**

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

3.9 Financial liabilities – classification and subsequent measurement

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

3.10 Derecognition of financial instruments

(i) Derecognition of financial asset

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

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

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

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

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

Amlslamic Fixed Income Conservative

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

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

3.12 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.

3.13 Classification of realised and unrealised gains and losses

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

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

3.14 Significant accounting estimates and judgments

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

The Fund classifies its 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.

Amlslamic Fixed Income Conservative

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

4. SHARIAH-COMPLIANT INVESTMENTS

	2024 RM	2023 RM
Financial assets at FVTPL		
At nominal value:		
Corporate sukuk	-	9,500,000
Government Investment Issue	2,500,000	10,000,000
	<u>2,500,000</u>	<u>19,500,000</u>
At fair value:		
Corporate sukuk	-	9,800,560
Government Investment Issue	2,580,369	10,273,533
	<u>2,580,369</u>	<u>20,074,093</u>

Details of Shariah-compliant investments as at 31 August 2024 are as follows:

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Government Investment Issue						
30.09.2026	Government of Malaysia	NR*	2,500,000	2,580,369	2,580,823	86.90
Total financial assets at FVTPL			<u>2,500,000</u>	<u>2,580,369</u>	<u>2,580,823</u>	<u>86.90</u>
Shortfall of fair value over adjusted cost				<u>(454)</u>		

* Non-Rated

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

	Effective yield	
	2024 %	2023 %
Corporate sukuk	-	4.24
Government Investment Issue	3.33	3.39
	<u>3.33</u>	<u>3.39</u>

Amlslamic Fixed Income Conservative

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

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

Analysis of the remaining maturity of Shariah-compliant investments as at 31 August 2024 and 31 August 2023 are as follows:

	Less than 1 year RM	1 year to 5 years RM	More than 5 years RM
2024			
At nominal value:			
Government Investment Issue	-	2,500,000	-
2023			
At nominal value:			
Corporate sukuk	-	6,500,000	3,000,000
Government Investment Issue	-	10,000,000	-

5. AMOUNT DUE FROM/TO BROKERS

Amount due from/to brokers arose from the purchase/sale of investments. The settlement period is within two business days from the transaction date.

6. AMOUNT DUE FROM/TO MANAGER

	Note	2024 RM	2023 RM
(a) Due from Manager			
Creation of units	(i)	-	10,910
(b) Due to Manager			
Cancellation of units	(ii)	1,004	-
Manager's fee payable	(iii)	2,007	16,111
		<u>3,011</u>	<u>16,111</u>

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

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

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

(iii) Manager's fee is at a rate of 0.75% (2023: 0.75%) per annum on the 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 2024

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

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

7. SHARIAH-COMPLIANT DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	2024 RM	2023 RM
At nominal value:		
Short-term deposits	800,000	2,434,000
At carrying value:		
Short-term deposits	800,130	2,434,393

Details of shariah-compliant deposits with licensed financial institutions are as follows:

Maturity date	Financial institutions	Nominal value RM	Carrying value RM	Carrying value as a percentage of NAV %
2024				
Short-term deposits				
02.09.2024	CIMB Islamic Bank Berhad	300,000	300,048	10.11
02.09.2024	RHB Islamic Bank Berhad	500,000	500,082	16.84
		<u>800,000</u>	<u>800,130</u>	<u>26.95</u>

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

	Weighted average effective profit rate		Weighted average remaining maturity	
	2024 %	2023 %	2024 Days	2023 Day
Short-term deposits	2.96	2.95	2	1

8. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.06% (2023: 0.06%) per annum on the 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 2024

8. AMOUNT DUE TO TRUSTEE (CONT'D.)

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

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

	2024 RM	2023 RM
Net (loss)/gain on financial assets at FVTPL comprised:		
– Net realised gain/(loss) on sale of Shariah-compliant investments	141,119	(292,838)
– Net unrealised (loss)/gain on changes in fair value of Shariah-compliant investments	(178,931)	306,217
	<u>(37,812)</u>	<u>13,379</u>

10. TOTAL EQUITY

Total equity is represented by:

	Note	2024 RM	2023 RM
Unit holders' capital	(a)	(25,155,562)	(5,363,666)
Retained earnings			
– Realised income	(b)	28,125,276	27,684,909
– Unrealised (loss)/gain	(c)	(454)	178,477
		<u>2,969,260</u>	<u>22,499,720</u>

(a) Unit holders' capital/Units in circulation

	2024		2023	
	Number of units	RM	Number of units	RM
At beginning of the financial year	15,795,849	(5,363,666)	29,215,713	13,288,505
Creation during the financial year	980,593	1,409,851	1,394,535	1,964,528
Reinvestment of distribution	-	-	158,262	225,222
Cancellation during the financial year	(14,739,735)	(21,201,747)	(14,972,661)	(20,841,921)
At end of the financial year	<u>2,036,707</u>	<u>(25,155,562)</u>	<u>15,795,849</u>	<u>(5,363,666)</u>

Amlslamic Fixed Income Conservative

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

10. TOTAL EQUITY (CONT'D.)

(a) Unit holders' capital/Units in circulation (cont'd.)

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.

(b) Realised – distributable

	2024 RM	2023 RM
At beginning of the financial year	27,684,909	27,393,041
Net realised income for the financial year	440,367	517,090
Distribution out of realised income (Note 13)	-	(225,222)
At end of the financial year	<u>28,125,276</u>	<u>27,684,909</u>

(c) Unrealised – non-distributable

	2024 RM	2023 RM
At beginning of the financial year	178,477	(127,740)
Net unrealised (loss)/gain for the financial year	<u>(178,931)</u>	<u>306,217</u>
At end of the financial year	<u>(454)</u>	<u>178,477</u>

11. 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 other related party as at 31 August 2024 and 31 August 2023.

12. 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.

Amlslamic Fixed Income Conservative

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

12. TAXATION (CONT'D.)

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

	2024	2023
	RM	RM
Net income before taxation	<u>261,436</u>	<u>823,307</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	62,745	197,594
Tax effects of:		
Income not subject to tax	(133,775)	(326,798)
Losses not allowed for tax deduction	42,944	70,281
Restriction on tax deductible expenses for unit trust fund	19,789	45,426
Non-permitted expenses for tax purposes	6,099	8,451
Permitted expenses not used and not available for future financial years	<u>2,198</u>	<u>5,046</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

13. DISTRIBUTION

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

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

	2023
	RM
Gross distribution per unit (sen)	<u>1.44</u>
Net distribution per unit (sen)	<u>1.44</u>

Financial year ended 31 August 2023

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

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

Amlslamic Fixed Income Conservative

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

14. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	2024	2023
	% p.a.	% p.a.
Manager's fee	0.75	0.75
Trustee’s fee	0.06	0.06
Fund’s other expenses	0.25	0.10
Total TER	<u>1.06</u>	<u>0.91</u>

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

15. 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 1.85 times (2023: 0.66 times).

16. 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.

17. TRANSACTIONS WITH BROKERS

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

	Transactions value	
	RM	%
Malayan Banking Berhad	19,412,589	47.39
CIMB Bank Berhad	9,221,928	22.51
Affin Hwang Investment Bank Berhad	4,083,716	9.97
Hong Leong Investment Bank Berhad	4,047,340	9.88
Hong Leong Bank Berhad	3,182,300	7.77
RHB Investment Bank Berhad	1,015,987	2.48
Total	<u>40,963,860</u>	<u>100.00</u>

Amlslamic Fixed Income Conservative

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

17. TRANSACTIONS WITH BROKERS (CONT'D.)

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

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

18. 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 of the Fund in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2024				
Financial assets				
Shariah-compliant investments	2,580,369	-	-	2,580,369
Amount due from brokers	-	1,015,987	-	1,015,987
Shariah-compliant deposits with licensed financial institutions	-	800,130	-	800,130
Cash at bank	-	1,170,108	-	1,170,108
Total financial assets	2,580,369	2,986,225	-	5,566,594
Financial liabilities				
Amount due to brokers	-	-	2,580,869	2,580,869
Amount due to Manager	-	-	3,011	3,011
Amount due to Trustee	-	-	151	151
Total financial liabilities	-	-	2,584,031	2,584,031

Amlslamic Fixed Income Conservative

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

18. FINANCIAL INSTRUMENTS (CONT'D.)

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

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2023				
Financial assets				
Shariah-compliant investments	20,074,093	-	-	20,074,093
Amount due from Manager	-	10,910	-	10,910
Shariah-compliant deposits with licensed financial institutions	-	2,434,393	-	2,434,393
Cash at bank	-	10,623	-	10,623
Total financial assets	20,074,093	2,455,926	-	22,530,019
Financial liabilities				
Amount due to Manager	-	-	16,111	16,111
Amount due to Trustee	-	-	1,142	1,142
Total financial liabilities	-	-	17,253	17,253
Income, expenses, gains and losses				
2024				
2023				
RM				
RM				
Net (loss)/gain from financial assets at FVTPL			(37,812)	13,379
Income, of which derived from:				
- Profit income from financial assets at FVTPL			368,115	970,568
- Profit income from financial assets at amortised cost			48,160	84,875

(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;

Amlslamic Fixed Income Conservative

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

18. FINANCIAL INSTRUMENTS (CONT'D.)

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

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
2024				
Financial assets at FVTPL	-	2,580,369	-	2,580,369
2023				
Financial assets at FVTPL	-	20,074,093	-	20,074,093

(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 brokers
- Amount due from/to Manager
- Shariah-compliant deposits with licensed financial institutions
- 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.

19. 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.

Amlslamic Fixed Income Conservative

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

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

Risk management is carried out by closely monitoring, measuring and mitigating the above said risks, careful selection of Shariah-compliant investments coupled with stringent compliance to Shariah-compliant investments restrictions as stipulated by the Capital Markets and Services Act 2007, Securities Commission Malaysia's Guidelines on Unit Trust Funds, Securities Commission Malaysia's Guidelines on Islamic Capital Markets Products and Services, and the Deeds 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:

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	
	2024 RM	2023 RM
+100 bps	(49,797)	(497,103)
-100 bps	51,110	515,846

(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.

Amlslamic Fixed Income Conservative

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

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

(b) Credit risk (cont'd.)

(i) Credit quality of financial assets

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

Credit rating	RM	As a % of debt securities	As a % of NAV
2024			
NR	<u>2,580,369</u>	<u>100.00</u>	<u>86.90</u>
2023			
AA	8,233,598	41.02	36.59
A	1,566,962	7.81	6.97
NR	<u>10,273,533</u>	<u>51.17</u>	<u>45.66</u>
	<u>20,074,093</u>	<u>100.00</u>	<u>89.22</u>

For Shariah-compliant deposits with licensed financial institutions, the Fund only makes placements with financial institutions with sound rating. The following table presents the Fund's portfolio of deposits by rating category as at 31 August 2024 and 31 August 2023:

Credit rating	RM	As a % of deposits	As a % of NAV
2024			
P1/MARC-1	<u>800,130</u>	<u>100.00</u>	<u>26.95</u>
2023			
P1/MARC-1	<u>2,434,393</u>	<u>100.00</u>	<u>10.82</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 2024

19. 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 2024 and 31 August 2023:

Sector	RM	As a % of debt securities	As a % of NAV
2024			
Public administration	<u>2,580,369</u>	<u>100.00</u>	<u>86.90</u>
2023			
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	<u>1,566,962</u>	<u>7.81</u>	<u>6.97</u>
	<u>20,074,093</u>	<u>100.00</u>	<u>89.22</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 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. The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise of cash at banks, Shariah-compliant deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

Amlslamic Fixed Income Conservative

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024**

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

(c) Liquidity risk (cont'd.)

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

	Contractual cash flows (undiscounted)					
	0 – 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM	More than 5 years RM
2024						
Financial assets						
Shariah-compliant investments	101,750	101,750	2,550,875	-	-	-
Amount due from brokers	1,015,987	-	-	-	-	-
Shariah-compliant deposits with licensed financial institutions	800,130	-	-	-	-	-
Cash at bank	1,170,108	-	-	-	-	-
Total financial assets	3,087,975	101,750	2,550,875	-	-	-
Financial liabilities						
Amount due from brokers	2,580,869	-	-	-	-	-
Amount due to Manager	3,011	-	-	-	-	-
Amount due to Trustee	151	-	-	-	-	-
Total financial liabilities	3,162	-	-	-	-	-

Amlslamic Fixed Income Conservative

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024**

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

(c) Liquidity risk (cont'd.)

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

	Contractual cash flows (undiscounted)					
	0 – 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM	More than 5 years RM
2023						
Financial assets						
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	-	-	-	-	-
Total financial assets	3,303,770	2,807,950	13,042,956	2,197,612	159,736	3,158,864
Financial liabilities						
Amount due to Manager	16,111	-	-	-	-	-
Amount due to Trustee	1,142	-	-	-	-	-
Total financial liabilities	17,253	-	-	-	-	-

Amlslamic Fixed Income Conservative

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

19. 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 Deeds, 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.

20. 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 prospectus;
- (b) To maintain sufficient liquidity to meet the expenses of the Fund, and to meet cancellation requests as they arise; and
- (c) To maintain sufficient fund size to make the operations of the Fund cost-efficient.

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

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 2024 and of the comprehensive income, the changes in equity and cash flows for the financial year then ended.

For and on behalf of the Manager

GOH WEE PENG

Executive Director

Kuala Lumpur, Malaysia

18 October 2024

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 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AmFunds Management Berhad has operated and managed the Fund during the year covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on 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.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Fund Operations

Sylvia Beh
Chief Executive Officer

Kuala Lumpur
18 October 2024

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

Tan Sri Dr Mohd Daud Bakar

Executive Chairman

Date: 18 October 2024

DIRECTORY

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

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

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

