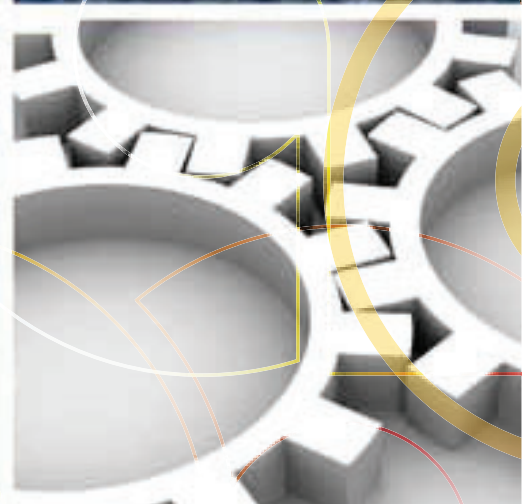
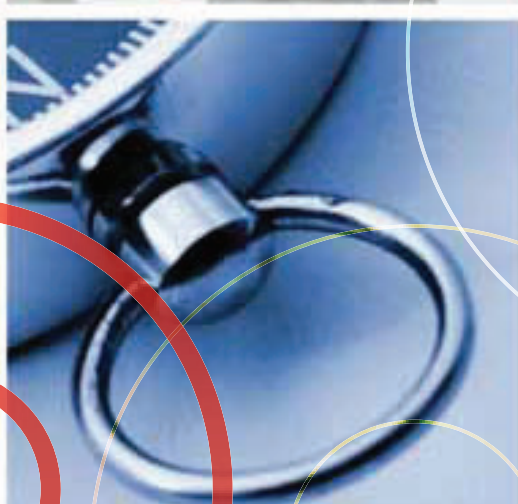


AmIslamic Master

# Annual Report for Islamic Funds

30 September 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

### **Shariah Adviser**

Amanie Advisors Sdn Bhd

### **Trustee**

AmanahRaya Trustees Berhad

### **Auditors and Reporting Accountants**

Ernst & Young PLT

### **Taxation Adviser**

Deloitte Tax Services Sdn Bhd

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## MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of Amlttikal ("Fund") for the financial year ended 30 September 2023.

### Salient Information of the Fund

<b>Name</b>	Amlttikal ("Fund")
<b>Category/ Type</b>	Equity (Islamic) / Income and to a lesser extent growth.
<b>Objective</b>	<p>Amlttikal is designed as a medium to long-term investment with an objective of producing "halal" income* and to a lesser extent capital growth.</p> <p><i>Note:</i>  <i>* The income could be in the form of units or cash.</i>  <i>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 12 January 1993 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>Malayan Banking Berhad 12-Months Islamic General Investment Account plus 3% spread ("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 benchmark does not imply that the risk profile of the Fund is the same as the risk profile of the benchmark. Investors of the Fund will assume a higher risk compared to the benchmark. Hence, the returns of the Fund may be potentially higher due to the higher risk faced by the investors.</i></p>
<b>Income Distribution Policy</b>	Income distribution (if any) is paid at least once every year.

### Fund Performance Data

<b>Portfolio Composition</b>	Details of portfolio composition of the Fund as at 30 September are as follows:			
		<b>As at 30 September</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>	
	<b>%</b>	<b>%</b>	<b>%</b>	
Consumer discretionary	-	1.53	2.09	
Consumer staples	11.14	1.11	1.48	
Energy	4.45	7.68	15.56	
Financials	6.80	6.21	5.81	
Health care	7.99	1.85	-	
Industrials	17.45	22.23	14.07	
Information technology	15.53	14.31	17.98	
Materials	4.71	3.69	5.46	

	As at 30 September		
	2023 %	2022 %	2021 %
Real estate/REITs	5.38	6.60	2.60
Telecommunication services	3.79	6.14	7.27
Utilities	10.48	11.67	12.14
Local collective investment scheme	2.34	2.15	1.98
Money market deposits and cash equivalents	9.94	14.83	13.56
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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

#### Performance Details

Performance details of the Fund for the financial years ended 30 September are as follows:

	FYE 2023	FYE 2022	FYE 2021
Net asset value (RM)*	53,779,498	52,116,115	67,137,268
Units in circulation*	104,957,319	109,734,331	116,109,233
Net asset value per unit (RM)*	0.5124	0.4749	0.5782
Highest net asset value per unit (RM)*	0.5345	0.6011	0.6464
Lowest net asset value per unit (RM)*	0.4569	0.4747	0.5607
Benchmark performance (%)	5.97	5.13	4.95
Total return (%) <sup>(1)</sup>	11.68	-15.02	-2.84
- Capital growth (%)	7.89	-17.96	-6.09
- Income distribution (%)	3.79	2.94	3.25
Gross distribution (sen per unit)	1.80	1.70	2.00
Net distribution (sen per unit)	1.80	1.70	2.00
Total expense ratio (%) <sup>(2)</sup>	1.60	1.57	2.07
Portfolio turnover ratio (times) <sup>(3)</sup>	0.96	0.45	1.04

\* 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 0.03% as compared to 1.57% per annum for the financial year ended 30 September 2022 mainly due to increase in expenses.

(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 decrease in 2022 were due mainly to investing activities.

**Average Total Return (as at 30 September 2023)**

	<b>Amlttikal<sup>(a)</sup></b> %	<b>MBB<sup>(b)</sup></b> %
One year	11.68	5.97
Three years	-2.67	5.35
Five years	0.12	5.65
Ten years	0.93	6.08

**Annual Total Return**

<b>Financial Years Ended (30 September)</b>	<b>Amlttikal<sup>(a)</sup></b> %	<b>MBB<sup>(b)</sup></b> %
2023	11.68	5.97
2022	-15.02	5.13
2021	-2.84	4.95
2020	11.48	5.74
2019	-2.14	6.50

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

(b) Malayan Banking Berhad 12-Months Islamic General Investment Accounts plus 3% Spread ("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.

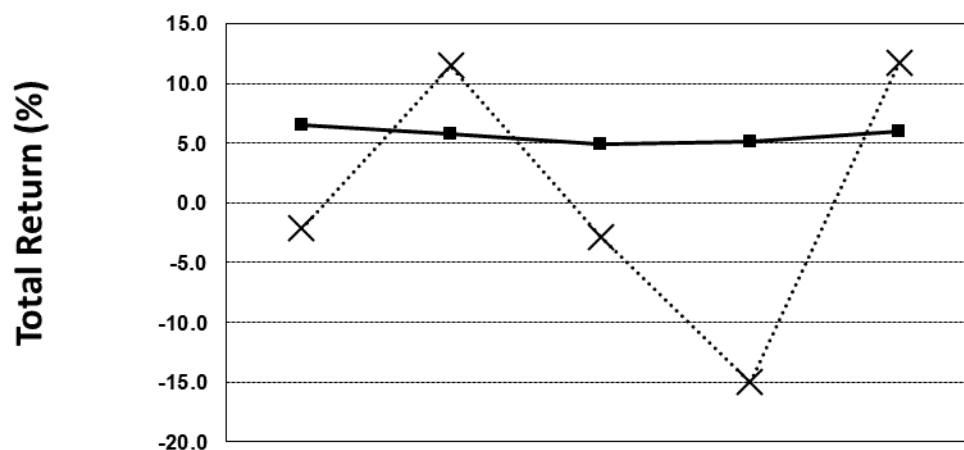
**Note: Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.**

**Fund Performance**

For the financial year ended 30 September 2023, the NAV per unit of the Fund increased by 7.90% from RM0.4749 to RM0.5124, while units in circulation decreased by 4.35% from 109,734,331 units as at 30 September 2022 to 104,957,319 units as at 30 September 2023.

The Fund registered a return of 11.68% for the financial year ended 30 September 2023, comprising of 7.89% capital growth and 3.79% income distribution. Comparatively, for the same period, the benchmark, Malayan Banking Berhad twelve (12) Months Islamic General Investment Accounts plus 3% spread registered a return of 5.97%. As such the Fund outperformed the benchmark by 5.71%.

The following line chart shows comparison between the annual performances of Amlttikal and its benchmark, MBB, for the financial years ended 30 September.



	2019	2020	2021	2022	2023
...X... Fund	-2.14	11.48	-2.84	-15.02	11.68
—■— Benchmark	6.50	5.74	4.95	5.13	5.97

Financial Years Ended (30 September)

**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

For the financial year under review, the Fund invested accordingly in Shariah-compliant equities up to 95% of its NAV. Value-add from equities investment was derived from active stock selection with focus on undervalued Shariah-compliant stock relative to its earnings growth potential and/or its intrinsic value.

#### Portfolio Structure

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

	As at 30.09.2023 %	As at 30.09.2022 %	Changes %
Consumer discretionary	-	1.53	-1.53
Consumer staples	11.14	1.11	10.03
Energy	4.45	7.68	-3.23
Financials	6.80	6.21	0.59
Health care	7.99	1.85	6.14
Industrials	17.45	22.23	-4.78
Information technology	15.53	14.31	1.22
Materials	4.71	3.69	1.02
Real estate/REITs	5.38	6.60	-1.22
Telecommunication services	3.79	6.14	-2.35
Utilities	10.48	11.67	-1.19
Local collective investment schemes	2.34	2.15	0.19
Money market deposits and cash equivalents	9.94	14.83	-4.89
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	

As at end of financial year under review, the Fund's equity exposure was at 90.06% as compared to 85.17% as at 30 September 2022 as the Fund increased positions amid attractive market valuations.

	<p>During the period, the Fund has increased exposure in the Consumer Staples sector by 10.03%, followed by Healthcare sector by 6.14%. Meanwhile, the Fund exposure in Industrial and Energy sector was reduced by 4.78% and 3.23% respectively.</p> <p>As at end of financial year under review, the Fund's exposure in local collective investment scheme was at 2.34% while money market deposits and cash equivalents were at 9.94% of its NAV.</p>								
<b>Securities Lending / Repurchase Transactions</b>	The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").								
<b>Cross Trade</b>	There were no cross trades undertaken during the financial year under review.								
<b>Distribution/ Unit splits</b>	<p>During the financial year under review, the Fund declared income distribution, detailed as follows:</p> <table border="1"> <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>22-Sep-23</td> <td>1.80</td> <td>0.5318</td> <td>0.5138</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)	22-Sep-23	1.80	0.5318	0.5138
Date of distribution	Distribution per unit RM (sen)	NAV per unit Cum-Distribution (RM)	NAV per unit Ex-Distribution (RM)						
22-Sep-23	1.80	0.5318	0.5138						
<b>State of Affairs</b>	There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial year under review.								
<b>Rebates and Soft Commission</b>	<p>During the year, the management company received soft commissions by virtue of transactions conducted for the Fund, in the form of research services, systems and services relating to performance measurement of portfolios and subscription fees for fund's benchmark indices. All of these assist in the investment decision making process which are of demonstrable benefit to unitholders of the Fund.</p> <p>The company has soft commission arrangement with a total of 12 brokers, who execute trades for the Fund and other funds or investments managed by the company. The soft commission received would be in the form of research services, systems and services relating to performance measurement of portfolios and/or subscription fees for fund's benchmark indices. All of these assist in the investment decision making process which are of demonstrable benefit to unitholders of the Fund and other funds or investments managed by the company.</p> <p>Soft commissions received were for the benefit of the Fund and there was no churning of trades.</p>								
<b>Market Review</b>	At the start of the period under review, market sentiment was weak following concerns over the rising geopolitical tensions between United States (US) and China after US introducing new measure to restrict sales of technology to China, triggering an industry sell off. However, Asian shares were boosted by China's relaxation of its zero-Covid policy, whilst the developed markets' gains could be attributed to the indications that the pace of policy tightening would slow amid the cooling inflation figure. Locally, Anwar Ibrahim had finally sworn in as Malaysia's 10 <sup>th</sup> Prime Minister (PM) post 15 <sup>th</sup> General Election. The market reacted positively								



	<p>to the appointment, as seen in the strong gain recorded in the final quarter of 2022, as investors deemed that political uncertainty in the country has finally subsided.</p> <p>Global equities started the year 2023 with gains, supported by receding recession worries in developed markets. The market turbulence that followed the collapse of Silicon Valley Bank (SVB) was short-lived as the market rebounded from sharp selloff in March to end 1QCY23 higher. Meanwhile, Chinese shares recorded strong gains at the start of the year after Beijing loosened its Covid-19 restrictions, at the same time announcing supportive measures for property market as well as the loosening of the regulatory crackdown on China's technology companies. However, Malaysian market took a breather in 1QCY23 despite 'major investments' announcement totaled RM170b by the Prime Minister after his trip to Beijing.</p> <p>Developed markets continued their momentum in 2QCY23 (notably the US), mainly buoyed by excitement over Artificial Intelligence (AI), which boosted technology stocks particularly chipmakers. The AI euphoria had also provided a push to AI-related stocks in Taiwan and South Korea. In May, the US Federal Reserve (Fed) raised interest rates by 25bps and adopted a "hawkish pause" during its June meeting. There were concerns over the US debt ceiling, but a legislation was later approved by Congress to suspend the debt ceiling starting 1<sup>st</sup> June. On the flipside, China equities erased some of the gained made at the start of the year as the anticipated economic rebound came in weaker-than-expected due to lackluster consumer spending and weak global demand. Domestically, Utilities sector was the star performer for the period thanks to the announcement made by the government on energy reforms. Construction sector had also gained some interests as a slate of infrastructure projects were announced ahead of the six state elections in 3QCY23.</p> <p>After the strong 1HCY23, global equities posted a negative return in the final quarter of period under review. Commodities were a notable performer with energy gaining amid oil production cuts by Saudi Arabia and Russia. US equities started 3QCY23 with optimism, following a soft-landing expectation painted by the Federal Reserve. It was later dissipating as the prospect of a sustained period of higher rates sank in, following the revised Federal Reserve "dot plot". In Asia, most of markets ended the period in negative territory as concerns over Chinese economy and fear on slower global growth weakened investor sentiment. China and Hong Kong markets experienced sharp declines in August, dragged by weak performance of property companies. In Malaysia, new government policies, the National Energy Transition Roadmap (NETR) and 12<sup>th</sup> Malaysian Plans Mid-Term Review helped bolstering the market performance, as the two policies are tailored towards realizing aspirations of the Madani Economy initiatives.</p> <p>For the period under review, despite the volatility, FBM Emas Shariah Index registered a positive return of 8.66%.</p>
<p><b>Market Outlook</b></p>	<p>The Federal Open Market Committee (FOMC) meeting in September was perceived to be a hawkish pause, as Gross Domestic Product (GDP) growth forecasts were upgraded; the dotplot indicated one more rate hike in 2023 and majority of the FOMC members expected the policy rate to remain above 5% next year. This relative hawkishness has sustained the strength of the United States Dollar (USD), translating to a reversal in money flows out of selected emerging markets recently.</p> <p>On the local front, continued positive news flow from the Government in the form</p>

	<p>of National Energy Transition Roadmap (NETR) Phase 2 and the New Industrial Master Plan (NIMP) 2030 hint at policy direction for the near and medium term. The recently announced 12th Malaysian Plan (12MP) Mid-Term Review (MTR) is another key policy document tailored to realize the aspirations of the Madani Economy initiatives. The MTR has long-term positive implications for the evolution of Malaysia's economy and dovetails closely with the longer term NIMP that will run through 2030.</p> <p>We are mildly positive on Budget 2024, which is expansionary and pro-growth whilst lowering budget deficit to GDP ratio. The government's commitment to fiscal prudence over the medium term is also positive for the ringgit and the market. However, details are still lacking on some of the measures. Positioning in our portfolios would be skewed towards Budget beneficiaries like the domestic driven construction/building materials, renewables, technology and tourism sectors.</p> <p>Investor sentiment is likely to be cautious whilst equity markets are likely to remain volatile on the back of the evolving macroeconomic and higher operational costs environment. We are of the view that the local market's valuations are attractive, thus we will be looking to increase our equity exposure to capitalize on market weakness.</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

20 November 2023

## **Independent auditors' report to the unit holders of Amlttikal**

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

#### *Opinion*

We have audited the financial statements of Amlttikal ("the Fund"), which comprise the statement of financial position as at 30 September 2023, 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 12 to 43.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 September 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 Amlttikal (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  
Amlttikal (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  
Amlttikal (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  
20 November 2023

**Amlttikal****STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2023**

	<b>Note</b>	<b>2023 RM</b>	<b>2022 RM</b>
<b>ASSETS</b>			
Shariah-compliant investments	4	48,431,682	44,389,518
Amount due from brokers	5	1,120,910	220,282
Amount due from Manager	6(a)	18,057	-
Dividend/Distribution receivables		173,136	193,907
Cash at banks		<u>6,329,208</u>	<u>8,488,806</u>
<b>TOTAL ASSETS</b>		<u>56,072,993</u>	<u>53,292,513</u>
<b>LIABILITIES</b>			
Amount due to brokers	5	1,443,859	-
Amount due to Manager	6(b)	821,198	1,144,332
Amount due to Trustee	7	3,093	3,197
Distribution payable		4,785	4,519
Sundry payables and accruals		<u>20,560</u>	<u>24,350</u>
<b>TOTAL LIABILITIES</b>		<u>2,293,495</u>	<u>1,176,398</u>
<b>NET ASSET VALUE (“NAV”) OF THE FUND</b>		<u>53,779,498</u>	<u>52,116,115</u>
<b>EQUITY</b>			
Unit holders’ capital	9(a)	228,655,175	231,066,100
Accumulated losses	9(b)(c)	<u>(174,875,677)</u>	<u>(178,949,985)</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>53,779,498</u>	<u>52,116,115</u>
<b>UNITS IN CIRCULATION</b>	9(a)	<u>104,957,319</u>	<u>109,734,331</u>
<b>NAV PER UNIT (RM) – EX-DISTRIBUTION</b>		<u>0.5124</u>	<u>0.4749</u>

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

**Amlttikal****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023**

	Note	2023 RM	2022 RM
<b>SHARIAH-COMPLIANT INVESTMENT INCOME/ (LOSS)</b>			
Dividend/Distribution income		1,786,322	1,567,260
Profit income		172,911	190,088
Net gain/(loss) from Shariah-compliant investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	<u>5,226,811</u>	<u>(10,225,210)</u>
		<u>7,186,044</u>	<u>(8,467,862)</u>
<b>EXPENDITURE</b>			
Management fee	6	(791,889)	(857,076)
Trustee’s fee	7	(37,511)	(41,249)
Audit fee		(7,500)	(7,500)
Tax agent’s fee		(5,000)	(5,000)
Brokerage and other transaction fees		(420,442)	(217,509)
Custodian’s fee		(1,330)	(730)
Other expenses		<u>(14,854)</u>	<u>(12,067)</u>
		<u>(1,278,526)</u>	<u>(1,141,131)</u>
<b>Net income/(loss) before taxation</b>		5,907,518	(9,608,993)
<b>Taxation</b>	11	<u>(7,382)</u>	<u>(6,690)</u>
<b>Net income/(loss) after taxation, representing total comprehensive income/(loss) for the financial year</b>		<u>5,900,136</u>	<u>(9,615,683)</u>
Total comprehensive income/(loss) comprises the following:			
Realised income		2,892,724	2,627,898
Unrealised gain/(loss)		<u>3,007,412</u>	<u>(12,243,581)</u>
		<u>5,900,136</u>	<u>(9,615,683)</u>
<b>Distribution for the financial year</b>			
Net distribution	12	<u>1,825,828</u>	<u>1,813,596</u>
Gross distribution per unit (sen)	12	<u>1.80</u>	<u>1.70</u>
Net distribution per unit (sen)	12	<u>1.80</u>	<u>1.70</u>

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



**Amlttikal****STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023**

	Note	Unit holders' capital RM	Accumulated losses RM	Total equity RM
At 1 October 2022		231,066,100	(178,949,985)	52,116,115
Total comprehensive income for the financial year		-	5,900,136	5,900,136
Creation of units	9(a)	278,831	-	278,831
Reinvestment of distribution	9(a),12	1,821,043	-	1,821,043
Cancellation of units	9(a)	(4,510,799)	-	(4,510,799)
Distribution	12	-	(1,825,828)	(1,825,828)
Balance at 30 September 2023		<u>228,655,175</u>	<u>(174,875,677)</u>	<u>53,779,498</u>
At 1 October 2021		234,657,974	(167,520,706)	67,137,268
Total comprehensive loss for the financial year		-	(9,615,683)	(9,615,683)
Creation of units	9(a)	468,901	-	468,901
Reinvestment of distribution	9(a),12	1,809,077	-	1,809,077
Cancellation of units	9(a)	(5,869,852)	-	(5,869,852)
Distribution	12	-	(1,813,596)	(1,813,596)
Balance at 30 September 2022		<u>231,066,100</u>	<u>(178,949,985)</u>	<u>52,116,115</u>

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

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from sale of Shariah-compliant investments	51,269,660	28,159,838
Purchase of Shariah-compliant investments	(49,541,781)	(27,039,557)
Dividend/Distribution received	1,799,711	1,514,104
Profit received	172,911	190,088
Manager's fee paid	(857,076)	(1,397,408)
Trustee's fee paid	(37,615)	(42,044)
Tax agent's fee paid	(5,000)	(5,000)
Custodian's fee paid	(1,330)	(730)
Payments for other expenses	<u>(446,587)</u>	<u>(236,286)</u>
Net cash generated from operating and investing activities	<u>2,352,893</u>	<u>1,143,005</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	260,774	468,901
Payments for cancellation of units	(4,768,746)	(5,654,164)
Distribution paid	<u>(4,519)</u>	<u>(2,659)</u>
Net cash used in financing activities	<u>(4,512,491)</u>	<u>(5,187,922)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,159,598)</b>	<b>(4,044,917)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b><u>8,488,806</u></b>	<b><u>12,533,723</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b><u>6,329,208</u></b>	<b><u>8,488,806</u></b>
Cash and cash equivalents comprise:		
Cash at banks	<u>6,329,208</u>	<u>8,488,806</u>

## Amlttikal

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 1. GENERAL INFORMATION

Amlttikal (“the Fund”) was established pursuant to a Deed dated 19 October 1992 as amended by Deeds supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, AmanahRaya Trustees Berhad as the Trustee and all unit holders.

The Fund was set up with the objective of providing investors with a means to pool and invest their funds in a professionally managed portfolio of Shariah-compliant equities and other non-interest bearing securities. The Fund aims to provide an investment alternative where profits earned are in accordance with Principles of Shariah. The Fund is managed based on the concept of Al-Mudharabah. As provided in the Deed, the financial year shall end on 30 September and the units in the Fund were first offered for sale on 18 December 1992.

The financial statements were authorised for issue by the Manager on 20 November 2023.

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

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

##### Standards effective during the financial year

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

Description	Effective for financial periods beginning on or after
Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018-2020” Reference to the Conceptual Framework	1 January 2022
(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

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

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

Standards issued but not yet effective

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

<b>Description</b>	<b>Effective for financial periods beginning on or after</b>
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.

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

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

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

(i) Dividend/Distribution income

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

(ii) Profit income

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

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

**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.

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

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

**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 in the current period. Realised income is the income earned from dividend/distribution income, profit income and net gain from 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.

(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.

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

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

**3.8 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 deposits with licensed financial institutions, cash at banks, amount due from brokers/financial institutions, amount due from the 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.

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

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

**3.8 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 FVOCI (cont'd.)*

These Shariah-compliant investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these Shariah-compliant investments are remeasured at fair value. All fair value adjustments are initially recognised through OCI. Debt instruments at FVOCI are subject to impairment assessment.

*Financial assets at FVTPL*

Any financial assets that are not measured at amortised cost or FVOCI are measured at FVTPL. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in "Net gain or loss on financial assets at FVTPL". Dividend/Distribution revenue and profit earned elements of such instruments are recorded separately in "Dividend/Distribution income" and "Profit income" respectively.

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

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

**3.9 Financial liabilities – classification and subsequent measurement**

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



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

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

**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,
  - 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.

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

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

**3.12 Determination of fair value**

For Shariah-compliant investments in quoted equity securities and CIS, fair value is determined based on the closing price quoted on Bursa Malaysia Berhad. For Shariah-compliant investments in unquoted CIS, fair value is determined based on the closing NAV per unit of the CIS. Purchased cost is the quoted price that the Fund paid when buying its Shariah-compliant investments. The difference between purchased cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gains or losses recognised in profit or loss are not distributable in nature.

**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 are classified at FVTPL and are calculated using 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.

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

**4. SHARIAH-COMPLIANT INVESTMENTS**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets at FVTPL</b>		
Quoted Shariah-compliant equity securities	45,174,071	41,162,071
Quoted Shariah-compliant CIS	2,000,328	2,105,974
Unquoted Shariah-compliant CIS	1,257,283	1,121,473
	<u>48,431,682</u>	<u>44,389,518</u>

Details of Shariah-compliant investments as at 30 September 2023 are as follows:

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>Quoted Shariah-compliant equity securities</b>				
<b>Consumer staples</b>				
AEON Co. (M) Bhd.	922,300	1,014,530	1,101,289	1.89
Farm Fresh Berhad	366,000	439,200	575,297	0.82
Genting Plantations Berhad	187,600	1,013,040	1,079,416	1.88
Guan Chong Berhad	253,900	550,963	533,276	1.02
Kuala Lumpur Kepong Berhad	23,600	505,040	533,360	0.94
Malayan Flour Mills Berhad	583,400	364,625	509,133	0.68
Power Root Berhad	516,600	1,022,868	1,035,530	1.90
PPB Group Berhad	34,700	537,156	545,501	1.00
TA Ann Holdings Berhad	161,200	543,244	549,815	1.01
	<u>3,049,300</u>	<u>5,990,666</u>	<u>6,462,617</u>	<u>11.14</u>
<b>Energy</b>				
Dialog Group Berhad	1,129,700	2,394,964	3,835,117	4.45
<b>Financials</b>				
Bank Islam Malaysia Berhad	572,900	1,226,006	1,765,625	2.28
Bursa Malaysia Berhad	211,700	1,426,858	1,734,002	2.65
GHL Systems Berhad	664,000	534,520	572,761	0.99
Syarikat Takaful Malaysia Keluarga Berhad	135,658	472,090	593,203	0.88
	<u>1,584,258</u>	<u>3,659,474</u>	<u>4,665,591</u>	<u>6.80</u>

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

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

Details of Shariah-compliant investments as at 30 September 2023 are as follows: (cont'd.)

<b>Name of company</b>	<b>Number of shares</b>	<b>Fair value RM</b>	<b>Purchased cost RM</b>	<b>Fair value as a percentage of NAV %</b>
<b>Quoted Shariah-compliant equity securities (cont'd.)</b>				
<b>Health care</b>				
Duopharma Biotech Berhad	923,200	1,107,840	1,128,731	2.06
Hartalega Holdings Berhad	531,300	1,057,287	1,073,686	1.97
IHH Healthcare Berhad	186,400	1,090,440	1,194,944	2.03
Top Glove Corporation Bhd.	1,340,100	1,038,577	1,262,529	1.93
	<u>2,981,000</u>	<u>4,294,144</u>	<u>4,659,890</u>	<u>7.99</u>
<b>Industrials</b>				
CTOS Digital Berhad	580,600	812,840	1,015,208	1.51
Dufu Technology Corp. Berhad	222,300	377,910	635,977	0.70
Frontken Corporation Berhad	341,100	1,074,465	1,080,965	2.00
Gamuda Berhad	597,500	2,646,925	2,995,904	4.92
Kobay Technology Bhd.	399,100	754,299	1,073,509	1.40
MISC Berhad	27,600	195,408	194,460	0.37
Pentamaster Corporation Berhad	104,600	541,828	537,738	1.01
Sime Darby Berhad	386,600	854,386	855,243	1.59
UWC Berhad	305,400	1,136,088	1,193,590	2.11
Westports Holdings Berhad	306,700	990,641	1,064,414	1.84
	<u>3,271,500</u>	<u>9,384,790</u>	<u>10,647,008</u>	<u>17.45</u>
<b>Information technology</b>				
D&O Green Technologies Berhad	157,600	537,416	553,199	1.00
Dagang NeXchange Berhad	1,018,700	448,228	977,186	0.83
Datasonic Group Berhad	601,000	279,465	278,924	0.52
Genetec Technology Berhad	467,600	1,117,564	1,167,254	2.08
Globetronics Technology Bhd.	725,300	1,131,468	1,167,923	2.11
Inari Amertron Berhad	188,400	546,360	528,971	1.01
KESM Industries Berhad	99,100	753,160	1,652,740	1.40
Malaysian Pacific Industries Bhd.	37,600	1,032,496	1,064,569	1.92

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

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

Details of Shariah-compliant investments as at 30 September 2023 are as follows: (cont'd.)

<b>Name of company</b>	<b>Number of shares</b>	<b>Fair value RM</b>	<b>Purchased cost RM</b>	<b>Fair value as a percentage of NAV %</b>
<b>Quoted Shariah-compliant equity securities (cont'd.)</b>				
<b>Information technology (cont'd.)</b>				
SKP Resources Bhd.	721,300	717,694	1,258,940	1.33
Unisem (M) Berhad	226,100	737,086	859,653	1.37
V.S. Industry Berhad	1,032,300	1,052,946	1,455,061	1.96
	<u>5,275,000</u>	<u>8,353,883</u>	<u>10,964,420</u>	<u>15.53</u>
<b>Materials</b>				
Cahaya Mata Sarawak Bhd.	215,700	245,898	226,485	0.46
Evergreen Fibreboard Berhad	205,400	72,917	57,512	0.14
PETRONAS Chemicals Group Berhad	244,600	1,758,674	1,849,191	3.27
Thong Guan Industries Berhad	236,600	454,272	682,648	0.84
	<u>902,300</u>	<u>2,531,761</u>	<u>2,815,836</u>	<u>4.71</u>
<b>Real estate</b>				
Skyworld Development Berhad	1,526,100	892,768	1,090,597	1.66
<b>Telecommunication services</b>				
Axiata Group Berhad	605,300	1,507,197	2,369,266	2.80
Telekom Malaysia Berhad	107,900	528,710	535,184	0.99
	<u>713,200</u>	<u>2,035,907</u>	<u>2,904,450</u>	<u>3.79</u>
<b>Utilities</b>				
Gas Malaysia Berhad	182,500	554,800	551,333	1.03
Tenaga Nasional Berhad	508,600	5,080,914	7,241,953	9.45
	<u>691,100</u>	<u>5,635,714</u>	<u>7,793,286</u>	<u>10.48</u>
<b>Total quoted Shariah-compliant equity securities</b>	<u>21,123,458</u>	<u>45,174,071</u>	<u>55,838,812</u>	<u>84.00</u>

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

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

Details of Shariah-compliant investments as at 30 September 2023 are as follows: (cont'd.)

Name of trust	Number of units	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>Quoted Shariah-compliant CIS</b>				
<b>REITs</b>				
AME Real Estate Investment Trust	1,087,135	2,000,328	2,112,474	3.72
<b>Total quoted Shariah- compliant CIS</b>	<b>1,087,135</b>	<b>2,000,328</b>	<b>2,112,474</b>	<b>3.72</b>
<b>Unquoted Shariah-compliant CIS</b>				
Amlslamic Global SRI*	1,190,270	1,257,283	1,189,407	2.34
<b>Total unquoted Shariah- compliant CIS</b>	<b>1,190,270</b>	<b>1,257,283</b>	<b>1,189,407</b>	<b>2.34</b>
<b>Total financial assets at FVTPL</b>	<b>23,400,863</b>	<b>48,431,682</b>	<b>59,140,693</b>	<b>90.06</b>
<b>Shortage of fair value over purchased cost</b>		<b>(10,709,011)</b>		

\* This CIS is managed by the Manager.

**5. AMOUNT DUE FROM/TO BROKERS**

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

**6. AMOUNT DUE FROM/TO MANAGER**

	Note	2023 RM	2022 RM
<b>(a) Due from Manager</b>			
Creation of units	(i)	18,057	-

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

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

	Note	2023 RM	2022 RM
<b>(b) Due to Manager</b>			
Redemption of units	(ii)	29,309	287,256
Manager's profit payable	(iii)	791,889	857,076
		<u>821,198</u>	<u>1,144,332</u>

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

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

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

(iii) Manager's fee is up to 20% per annum of the daily net realised profits. Net realised profits means all income and profits including realised capital profits and gains from the sale of Shariah-compliant investments less allowable expenses and the remuneration paid to the members of the Investment and Shariah Advisory panel and all fees payable to the Trustees.

According to Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Manager's fee can only be charged once and hence, no Manager's fee can be charged to NAV of the unquoted CIS of this Fund to avoid double charging of Manager's fee.

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

**7. AMOUNT DUE TO TRUSTEE**

Trustee's fee is at a rate of 0.07% (2022: 0.07%) 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 Trustee's fee payable is one month.

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

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Net gain/(loss) on financial assets at FVTPL comprised:		
– Net realised gains on sale of Shariah-compliant investments	2,219,399	2,018,371
– Net unrealised gain/(loss) on changes in fair value of Shariah-compliant investments	3,007,412	(12,243,581)
	<u>5,226,811</u>	<u>(10,225,210)</u>

**9. TOTAL EQUITY**

Total equity is represented by:

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>RM</b>	<b>RM</b>
Unit holders' capital	(a)	228,655,175	231,066,100
Accumulated losses			
– Realised losses	(b)	(164,166,666)	(165,233,562)
– Unrealised losses	(c)	(10,709,011)	(13,716,423)
		<u>53,779,498</u>	<u>52,116,115</u>

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

	<b>2023</b>		<b>2022</b>	
	<b>Number of units</b>	<b>RM</b>	<b>Number of units</b>	<b>RM</b>
At beginning of the financial year	109,734,331	231,066,100	116,109,233	234,657,974
Creation during the financial year	546,650	278,831	867,919	468,901
Reinvestment of distribution (Note 12)	3,544,264	1,821,043	3,693,502	1,809,077
Cancellation during the financial year	(8,867,926)	(4,510,799)	(10,936,323)	(5,869,852)
At end of the financial year	<u>104,957,319</u>	<u>228,655,175</u>	<u>109,734,331</u>	<u>231,066,100</u>



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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

##### (b) Realised

	2023 RM	2022 RM
At beginning of the financial year	(165,233,562)	(166,047,864)
Net realised income for the financial year	2,892,724	2,627,898
Distribution out of realised income (Note 12)	(1,825,828)	(1,813,596)
At end of the financial year	<u>(164,166,666)</u>	<u>(165,233,562)</u>

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

	2023 RM	2022 RM
At beginning of the financial year	(13,716,423)	(1,472,842)
Net unrealised gain/(loss) for the financial year	<u>3,007,412</u>	<u>(12,243,581)</u>
At end of the financial year	<u>(10,709,011)</u>	<u>(13,716,423)</u>

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

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

<u>Related parties</u>	<u>Relationships</u>
AmFunds Management Berhad	The Manager
AmInvestment Bank Berhad	Holding company of the Manager
AMMB Holdings Berhad ("AMMB")	Ultimate holding company of the Manager
Subsidiaries and associates of AMMB as disclosed in its financial statements	Subsidiaries and associate companies of the ultimate holding company of the Manager

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

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

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

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>(i) Significant related party transactions</b>		
<u>AmFunds Management Berhad</u>		
Distribution income	2,381	17,608
<u>AmBank Islamic Berhad</u>		
Profit income	172,911	190,088
<b>(ii) Significant related party balances</b>		
<u>AmBank Islamic Berhad</u>		
Cash at banks	6,329,208	8,488,806

**11. TAXATION**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Local tax	7,382	6,690

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

The taxation charged for the financial year is related to withholding tax derived from local REITs calculated at the prevailing tax rate in Malaysia.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 11. TAXATION (CONT'D.)

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Net income/(loss) before taxation	<u>5,907,518</u>	<u>(9,608,993)</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	1,417,804	(2,306,158)
Tax effects of:		
Income not subject to tax	(1,717,269)	(899,483)
Losses not allowed for tax deduction	-	2,938,459
Restriction on tax deductible expenses for unit trust fund	172,668	187,078
Non-permitted expenses for tax purposes	114,993	66,006
Permitted expenses not used and not available for future financial years	<u>19,186</u>	<u>20,788</u>
Tax expense for the financial year	<u>7,382</u>	<u>6,690</u>

#### 12. DISTRIBUTION

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Dividend/Distribution income	1,330,235	1,229,252
Profit income	128,763	149,092
Net realised gains on sale of investment	<u>1,652,738</u>	<u>1,583,073</u>
	3,111,736	2,961,417
Less: Expenses	(1,278,526)	(1,141,131)
Taxation	<u>(7,382)</u>	<u>(6,690)</u>
Total amount of distribution	<u>1,825,828</u>	<u>1,813,596</u>
Gross distribution per unit (sen)	<u>1.80</u>	<u>1.70</u>
Net distribution per unit (sen)	<u>1.80</u>	<u>1.70</u>
Distribution made out of:		
– Realised income [Note 9(b)]	<u>1,825,828</u>	<u>1,813,596</u>

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

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

Distribution to unit holders for the current and previous financial years are from the following sources: (cont'd.)

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Comprising:		
Reinvestment of distribution [Note 9(a)]	1,821,043	1,809,077
Distribution payable	4,785	4,519
	<u>1,825,828</u>	<u>1,813,596</u>

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

**Financial year ended 30 September 2023**

<b>Distribution Ex-date</b>	<b>Gross distribution per unit RM (sen)</b>	<b>Net distribution per unit RM (sen)</b>	<b>Total distribution RM</b>
22 September 2023	<u>1.80</u>	<u>1.80</u>	<u>1,825,828</u>

**Financial year ended 30 September 2022**

<b>Distribution Ex-date</b>	<b>Gross distribution per unit RM (sen)</b>	<b>Net distribution per unit RM (sen)</b>	<b>Total distribution RM</b>
19 September 2022	<u>1.70</u>	<u>1.70</u>	<u>1,813,596</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.

The distribution for the financial year ended 30 September 2022 has been proposed before taking into account the net unrealised loss of RM12,243,581 arising during the financial year which is carried forward to the next financial year.

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

**13. TOTAL EXPENSE RATIO (“TER”)**

The Fund’s TER is as follows:

	<b>2023</b>	<b>2022</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Manager’s fee	1.48	1.46
Trustee’s fee	0.07	0.07
Fund’s other expenses	0.05	0.04
Total TER	<u>1.60</u>	<u>1.57</u>

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

**14. PORTFOLIO TURNOVER RATIO (“PTR”)**

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of Shariah-compliant investments to the average NAV of the Fund calculated on a daily basis, is 0.96 times (2022: 0.45 times).

**15. SEGMENTAL REPORTING**

The Manager and Investment Committee of the Fund are responsible for allocating resources available to the Fund in accordance with the overall investment strategies as set out in the Investment Guidelines of the Fund. The Fund is managed by two segments:

- A portfolio of Shariah-compliant equity instruments; and
- A portfolio of Shariah-compliant CIS.

The investment objective of each segment is to achieve consistent returns from the Shariah-compliant investments in each segment while safeguarding capital by investing in diversified portfolios. There have been no changes in reportable segments in the current financial year.

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

**15. SEGMENTAL REPORTING (CONT'D.)**

	Equity portfolio RM	CIS portfolio RM	Fixed income portfolio RM	Total RM
<b>2023</b>				
Dividend/Distribution income	1,687,404	98,918	-	1,786,322
Profit income	-	-	172,911	172,911
Net gains from Shariah- compliant investments:				
– Financial assets at FVTPL	5,145,789	81,022	-	5,226,811
Total segment investment income for the financial year	<u>6,833,193</u>	<u>179,940</u>	<u>172,911</u>	<u>7,186,044</u>
Financial assets at FVTPL	45,174,071	3,257,611	-	48,431,682
Amount due from brokers	1,120,910	-	-	1,120,910
Dividend/Distribution receivables	170,755	2,381	-	173,136
Total segment assets	<u>46,465,736</u>	<u>3,259,992</u>	<u>-</u>	<u>49,725,728</u>
Amount due to brokers	1,443,859	-	-	1,443,859
Total segment liabilities	<u>1,443,859</u>	<u>-</u>	<u>-</u>	<u>1,443,859</u>
<b>2022</b>				
Dividend/Distribution income	1,454,967	112,293	-	1,567,260
Profit income	-	-	190,088	190,088
Net losses from Shariah- compliant investments:				
– Financial assets at FVTPL	(9,979,231)	(245,979)	-	(10,225,210)
Total segment investment (losses)/income for the financial year	<u>(8,524,264)</u>	<u>(133,686)</u>	<u>190,088</u>	<u>(8,467,862)</u>
Financial assets at FVTPL	41,162,071	3,227,447	-	44,389,518
Amount due from broker	220,282	-	-	220,282
Dividend/Distribution receivables	193,907	-	-	193,907
Total segment assets	<u>41,576,260</u>	<u>3,227,447</u>	<u>-</u>	<u>44,803,707</u>

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

**15. SEGMENTAL REPORTING (CONT'D.)**

Expenses of the Fund are not considered part of the performance of any investment segment. The following table provides reconciliation between the net reportable segment income/(loss) and net income/(loss) after tax:

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Net reportable segment investment income/(loss)	7,186,044	(8,467,862)
Less: Expenses	(1,278,526)	(1,141,131)
Net income/(loss) before taxation	<u>5,907,518</u>	<u>(9,608,993)</u>
Taxation	(7,382)	(6,690)
Net income/(loss) after taxation	<u>5,900,136</u>	<u>(9,615,683)</u>

In addition, certain assets and liabilities are not considered to be part of the net assets or liabilities of an individual segment. The following table provides reconciliation between the net reportable segment assets and liabilities and total assets and liabilities of the Fund.

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Total segment assets	49,725,728	44,803,707
Amount due from Manager	18,057	-
Cash at banks	<u>6,329,208</u>	<u>8,488,806</u>
Total assets of the Fund	<u>56,072,993</u>	<u>53,292,513</u>
Total segment liabilities	1,443,859	-
Amount due to Manager	821,198	1,144,332
Amount due to Trustee	3,093	3,197
Distribution payable	4,785	4,519
Sundry payables and accruals	<u>20,560</u>	<u>24,350</u>
Total liabilities of the Fund	<u>2,293,495</u>	<u>1,176,398</u>

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

**16. TRANSACTIONS WITH BROKERS**

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

Brokers	Transaction value		Brokerage fee, stamp duty and clearing fee	
	RM	%	RM	%
AmlInvestment Bank Berhad*	66,106,289	64.08	268,461	63.80
Hong Leong Investment Bank Berhad	16,828,526	16.31	68,072	16.18
Public Investment Bank Berhad	12,107,099	11.74	46,886	11.14
J.P. Morgan Securities (Malaysia) Sdn. Bhd.	2,875,778	2.79	11,663	2.77
RHB Investment Bank Berhad	1,716,348	1.66	8,338	1.98
Maybank Investment Bank Berhad	1,676,561	1.62	8,728	2.08
CGS – CIMB Securities Sdn. Bhd.	690,867	0.67	3,662	0.87
Nomura Securities Malaysia Sdn. Bhd.	553,000	0.54	2,378	0.57
KAF Seagroatt & Campbell Securities Sdn. Bhd.	491,300	0.48	2,114	0.50
CLSA Securities Malaysia Sdn. Bhd.	110,160	0.11	475	0.11
<b>Total</b>	<b>103,155,928</b>	<b>100.00</b>	<b>420,777</b>	<b>100.00</b>

\* A financial institution related to the Manager.

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 listed securities and quoted CIS. Transactions in unquoted CIS do not involve any commission or brokerage.



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

**17. FINANCIAL INSTRUMENTS**

**(a) Classification of financial instruments**

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

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>2023</b>				
<b>Assets</b>				
Shariah-compliant investments	48,431,682	-	-	48,431,682
Amount due from brokers	-	1,120,910	-	1,120,910
Amount due from Manager	-	18,057	-	18,057
Dividend/Distribution receivables	-	173,136	-	173,136
Cash at banks	-	6,329,208	-	6,329,208
Total financial assets	<u>48,431,682</u>	<u>7,641,311</u>	<u>-</u>	<u>56,072,993</u>
<b>Liabilities</b>				
Amount due to brokers	-	-	1,443,859	1,443,859
Amount due to Manager	-	-	821,198	821,198
Amount due to Trustee	-	-	3,093	3,093
Distribution payable	-	-	4,785	4,785
Total financial liabilities	<u>-</u>	<u>-</u>	<u>2,272,935</u>	<u>2,272,935</u>
<b>2022</b>				
<b>Assets</b>				
Shariah-compliant investments	44,389,518	-	-	44,389,518
Amount due from broker	-	220,282	-	220,282
Dividend/Distribution receivables	-	193,907	-	193,907
Cash at banks	-	8,488,806	-	8,488,806
Total financial assets	<u>44,389,518</u>	<u>8,902,995</u>	<u>-</u>	<u>53,292,513</u>
<b>Liabilities</b>				
Amount due to Manager	-	-	1,144,332	1,144,332
Amount due to Trustee	-	-	3,197	3,197
Distribution payable	-	-	4,519	4,519
Total financial liabilities	<u>-</u>	<u>-</u>	<u>1,152,048</u>	<u>1,152,048</u>

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

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

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

	<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	5,226,811	(10,225,210)
Income, of which derived from:		
– Dividend/Distribution income from financial assets at FVTPL	1,786,322	1,567,260
– Profit income from financial assets at amortised cost	<u>172,911</u>	<u>190,088</u>

**(b) Financial instruments that are carried at fair value**

The Fund's financial assets and liabilities are carried at fair value.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable; either directly or indirectly; or

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

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2023</b>				
Financial assets at FVTPL	<u>47,174,399</u>	<u>1,257,283</u>	<u>-</u>	<u>48,431,682</u>
<b>2022</b>				
Financial assets at FVTPL	<u>43,268,045</u>	<u>1,121,473</u>	<u>-</u>	<u>44,389,518</u>

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

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

**(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value due to their short period to maturity or short credit period:

- Amount due from/to brokers
- Amount due from/to Manager
- Dividend/Distribution receivables
- Cash at banks
- Amount due to Trustee
- Distribution payable

There are no financial instruments which are not carried at fair value and whose carrying amounts are not reasonable approximation of their respective fair value.

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

The Fund is exposed to a variety of risks that include market risk, credit risk, liquidity risk, single issuer risk, regulatory risk, management risk and non-compliance risk, Shariah non-compliance risk and reclassification of Shariah status risk.

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

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

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

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

The Fund's market risk is affected primarily by the following risks:

**(i) Price risk**

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

The result below summarised the price risk sensitivity of the Fund's NAV due to movements of price by -5.00% and +5.00% respectively:

Percentage movements in price by:	Sensitivity of the Fund's NAV	
	2023 RM	2022 RM
-5.00%	(2,421,584)	(2,219,476)
+5.00%	<u>2,421,584</u>	<u>2,219,476</u>

**(ii) Rate of return risk**

Return rate 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.

**(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. Credit risk applies to Shariah-compliant deposits and dividend/distribution receivables. The issuer of such instruments may not be able to fulfill the required profit payments or repay the principal invested or amount owing. These risks may cause the Fund's Shariah-compliant investments to fluctuate in value.

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

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

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

**(c) Liquidity risk**

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

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

**(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 the 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.

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

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

**(i) Reclassification of Shariah status risk**

This risk refers to the risk that the currently held Shariah-compliant equities in the Fund may be reclassified as Shariah non-compliance in the periodic review of the equities by the SACSC, the Shariah adviser or the Shariah boards of the relevant Islamic Indices. If this occurs, the Manager will take the necessary steps to dispose such equities.

**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 30 September 2023 and 30 September 2022.

## **Amlttikal**

### **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 Amlttikal (“the Fund”) as at 30 September 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

20 November 2023

## **TRUSTEE'S REPORT**

To the unit holders of **AMITIKAL** ("Fund"),

We have acted as Trustee of the Fund for the financial year ended 30 September 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 **AMANAHRAYA TRUSTEES BERHAD**

**ZAINUDIN BIN SUHAIMI**

Chief Executive Officer

Date: 14 November 2023



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

To the unit holders of Amlttikal ("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: 20 November 2023

## MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of AmBon Islam ("Fund") for the financial year ended 30 September 2023.

### Salient Information of the Fund

<b>Name</b>	AmBon Islam ("Fund")
<b>Category/Type</b>	Sukuk / Income
<b>Objective</b>	AmBon Islam is a medium to long-term Sukuk fund that aims to provide a stream of halal income*.  <i>Note:</i> <i>* The income could be in the form of units or cash.</i> <i>Any material change to the investment objective of the Fund would require Unit Holders' approval</i>
<b>Duration</b>	The Fund was established on 26 November 2001 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>	BPAM Corporates (3 years to 7 years) Sukuk Index (BPAM 3Y – 7Y Sukuk Index) (Available at <a href="http://www.aminvest.com">www.aminvest.com</a> )  <i>Note: The risk profile of the Fund may not be the same as the risk profile of the performance benchmark.</i>
<b>Income Distribution Policy</b>	Income distribution (if any) is paid at least twice every year.

### Fund Performance Data

<b>Portfolio Composition</b>	Details of portfolio composition of the Fund as at 30 September are as follows:			
		<b>As at 30 September</b>		
		<b>2023</b>	<b>2022</b>	<b>2021</b>
		<b>%</b>	<b>%</b>	<b>%</b>
	Corporate sukuk	77.49	95.51	89.10
	Government Investment Issues	16.14	0.27	5.02
Money market deposits and cash equivalents	6.37	4.22	5.88	
<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 30 September are as follows:

	<b>FYE 2023</b>	<b>FYE 2022</b>	<b>FYE 2021</b>
Net asset value (RM)*	63,092,362	70,561,580	85,200,682
Units in circulation*	48,660,873	57,342,545	67,413,054
Net asset value per unit (RM)*	1.2966	1.2305	1.2639
Highest net asset value per unit (RM)	1.3019	1.2709	1.3128
Lowest net asset value per unit (RM)	1.2265	1.2243	1.2557
Benchmark performance (%)	7.10	0.16	1.10
Total return (%) <sup>(1)</sup>	6.82	-0.68	-1.05
- Capital growth (%)	5.40	-2.66	-3.34
- Income distributions (%)	1.42	1.98	2.29
Gross distributions (sen per unit)	1.75	2.50	3.00
Net distributions (sen per unit)	1.75	2.50	3.00
Total expense ratio (%) <sup>(2)</sup>	1.11	1.10	1.10
Portfolio turnover ratio (times) <sup>(3)</sup>	0.76	0.40	0.66

\* 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 0.01% as compared to 1.10% per annum for the financial year ended 30 September 2022 mainly due to increase in expenses.
- (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 decrease in 2022 were due mainly to investing activities.

**Average Total Return (as at 30 September 2023)**

	<b>AmBon Islam<sup>(a)</sup></b> %	<b>BPAM 3Y – 7Y Sukuk Index/MGII<sup>** (b)</sup></b> %
One year	6.82	7.10
Three years	1.63	2.74
Five years	4.03	4.70
Ten years	4.11	4.64

**Annual Total Return**

<b>Financial Years Ended (30 September)</b>	<b>AmBon Islam<sup>(a)</sup></b> %	<b>BPAM 3Y – 7Y Sukuk Index/MGII<sup>** (b)</sup></b> %
2023	6.82	7.10
2022	-0.68	0.16
2021	-1.05	1.10
2020	5.56	7.57
2019	9.93	7.86

(a) Source: Novagni Analytics and Advisory Sdn. Bhd.  
 (b) BPAM Corporates (3 years to 7 years) Sukuk Index (Available at [www.aminvest.com](http://www.aminvest.com))  
 \*\* Benchmark – from 26 November 2001 until 30 September 2016 – Quantshop Medium Government Investment Issues Index (“MGII”) – from 1 October 2016 onwards – BPAM Corporates (3 years to 7 years) Sukuk Index (“BPAM 3Y-7Y Sukuk Index”) (Available at [www.aminvest.com](http://www.aminvest.com))

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.**

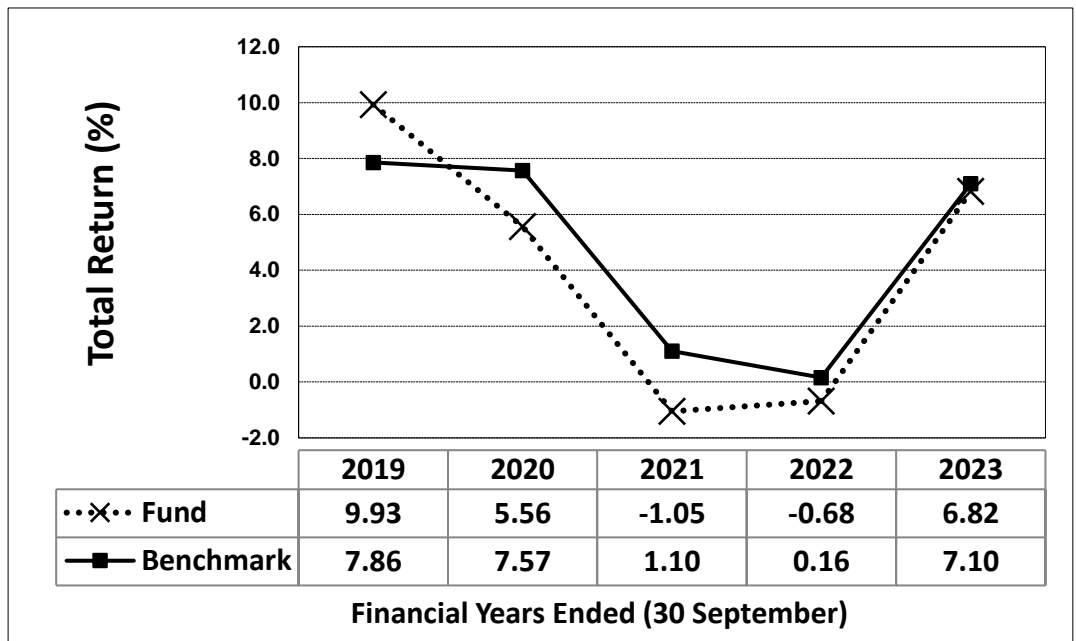
**Fund Performance**

For the financial year under review, the Fund registered a return of 6.82% comprising of 5.40% capital growth and 1.42% income distributions.

Thus, the Fund’s return of 6.82% has underperformed the benchmark’s return of 7.10% by 0.28%.

As compared with the financial year ended 30 September 2022, the net asset value (“NAV”) per unit of the Fund increased by 5.37% from RM1.2305 to RM1.2966, while units in circulation decreased by 15.14% from 57,342,545 units to 48,660,873 units.

The following line chart shows comparison between the annual performances of AmBon Islam and its benchmark, BPAM 3Y-7Y Sukuk Index /MGII, for the financial years ended 30 September.



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

<p><b>Strategies and Policies Employed</b></p>	<p>For the financial year under review, the Fund has complied with the requirements of the Guidelines on Sustainable and Responsible Investment Funds (“SRI”).</p> <p>The Fund seeks to achieve investment objective by investing primarily in Sukuk with the following minimum credit rating:</p> <ul style="list-style-type: none"> <li>i. Short-term credit rating of P2 by RAM or its equivalent as rated by a local or global rating agency; or</li> <li>ii. Long-term credit rating of BBB3 by RAM or its equivalent as rated by a local or global rating agency.</li> </ul> <p>The Fund also incorporates sustainability considerations in securities selection (including securities issued under respective green, social and sustainability (“GSS”), green bond principles (“GBP”), social bond principle (“SBP”), sustainability bond guidelines (“SBG”), ASEAN Bonds Standards and SC’s SRI Sukuk and SRI-linked sukuk framework), by investing in companies which are well governed and with positive environmental and social impact. A greater proportion of the Fund’s holdings would be securities with better ESG scores. ESG evaluation is carried out by our investment research team using information obtained publicly and through engagement with investee companies, which Investment Manager may supplement with data and references of external parties including credit rating agencies, research companies, as well as service and index providers. Information from external sources will be used to supplement and form part but not all of Investment Manager basis in the deriving of ESG scores, as Investment Manager maintain an independent and objective ESG assessment on investee companies.</p> <p>Factors considered under each of the ESG pillars include, but not limited to:</p> <p>Environmental (E) – climate change, energy sustainability, natural resources, pollution and waste, and environmental opportunities;</p> <p>Social (S) – human capital, human rights, product liability, consumer protection, stakeholder opposition, social opportunities; and</p> <p>Governance (G) – corporate governance, management structure and behaviour, employee relations and executive compensation.</p>																				
<p><b>Portfolio Structure</b></p>	<p>The table below is the asset allocation of the Fund as at 30 September 2023 and 30 September 2022.</p> <table border="1" data-bbox="392 1429 1468 1711"> <thead> <tr> <th></th> <th>As at 30.09.2023 %</th> <th>As at 30.09.2022 %</th> <th>Changes %</th> </tr> </thead> <tbody> <tr> <td>Corporate sukuk</td> <td>77.49</td> <td>95.51</td> <td>-18.02</td> </tr> <tr> <td>Government Investment Issues</td> <td>16.14</td> <td>0.27</td> <td>15.87</td> </tr> <tr> <td>Money market deposits and cash equivalents</td> <td>6.37</td> <td>4.22</td> <td>2.15</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’s exposure to corporate sukuk has decreased from 95.51% to 77.49% while exposure to government investment issues has increased to 16.14% of its NAV.</p>		As at 30.09.2023 %	As at 30.09.2022 %	Changes %	Corporate sukuk	77.49	95.51	-18.02	Government Investment Issues	16.14	0.27	15.87	Money market deposits and cash equivalents	6.37	4.22	2.15	<b>Total</b>	<b>100.00</b>	<b>100.00</b>	
	As at 30.09.2023 %	As at 30.09.2022 %	Changes %																		
Corporate sukuk	77.49	95.51	-18.02																		
Government Investment Issues	16.14	0.27	15.87																		
Money market deposits and cash equivalents	6.37	4.22	2.15																		
<b>Total</b>	<b>100.00</b>	<b>100.00</b>																			
<p><b>Securities Lending / Repurchase Transactions</b></p>	<p>The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”).</p>																				

<b>Cross Trade</b>	There were no cross trades undertaken during the financial year under review.												
<b>Distribution/ Unit splits</b>	<p>During the financial year under review, the Fund declared income distributions, detailed as follows:</p> <table border="1"> <thead> <tr> <th>Date of distributions</th> <th>Distributions per unit RM (sen)</th> <th>NAV per unit Cum-Distributions (RM)</th> <th>NAV per unit Ex-Distributions (RM)</th> </tr> </thead> <tbody> <tr> <td>27-Mar-23</td> <td>1.23</td> <td>1.2720</td> <td>1.2597</td> </tr> <tr> <td>22-Sep-23</td> <td>0.52</td> <td>1.2993</td> <td>1.2941</td> </tr> </tbody> </table> <p>There is no unit split declared for the financial year under review.</p>	Date of distributions	Distributions per unit RM (sen)	NAV per unit Cum-Distributions (RM)	NAV per unit Ex-Distributions (RM)	27-Mar-23	1.23	1.2720	1.2597	22-Sep-23	0.52	1.2993	1.2941
Date of distributions	Distributions per unit RM (sen)	NAV per unit Cum-Distributions (RM)	NAV per unit Ex-Distributions (RM)										
27-Mar-23	1.23	1.2720	1.2597										
22-Sep-23	0.52	1.2993	1.2941										
<b>State of Affairs</b>	There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial year under review.												
<b>Rebates and Soft Commission</b>	During the year, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.												
<b>Market Review</b>	<p>During the last quarter of 2022, the United States (US) Federal Reserve delivered its fourth 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.</p> <p>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 - United States Treasury (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. Meanwhile, BNM kept the OPR unchanged on 9 March 2023 while remained cautious against upside risk to domestic inflation and volatility of external financial condition.</p> <p>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</p>												

	<p>suggested another possible rate hike in June, in absence of any major jobs or inflation data that point to an imminent economic downturn. Meanwhile during June, MGS yield curve bear-flattened with long-end of the curve relatively unchanged, mirroring movement of the United States Treasury (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.</p> <p>For the third quarter of 2023, local bond market endured a volatile session largely mirrored movement in the UST. On the beginning of July, MGS outperformed with yields declined across curve following lower than expected US June 2023 Consumer Price Index (CPI) while BNM had kept the OPR unchanged at 3.00% level during July meeting. However, MGS weakened as time progressed amid 25bps rate hike by the US Federal Reserve on 26th July with no change in forward guidance language. Towards August, domestic yields took cues from US rates where the weaker than expected US employment and contracting manufacturing activity at the start of the month depicted a more dovish US Federal Reserve stance, which then reversed with better-than-expected employment; resilient Gross Domestic Product (GDP) growth numbers and the US Federal Reserve Chairman committing to an inflation fighting policy stance at end of the month. Last but not least, for the last month of third quarter 2023, MGS saw yields rose further across the curve in tandem with the sell-off in the UST with much of the movement was due to the more hawkish guidance from the US FOMC - despite a no-hike decision in September FOMC meeting - as they forecasted a "higher for longer" interest rate path with fewer rate cuts next year than previously indicated.</p>
<p><b>Market Outlook</b></p>	<p>With the latest United States (US) Federal Reserve and Bank Negara Malaysia (BNM) policy actions at their respective meetings, the bond market staged a rally after weeks of selling pressure. Moving into 2024, we maintain our base case view of no Overnight Policy Rate (OPR) hike until 1Q2024. The outlook would depend on the inflation pick-up from potential subsidy adjustments, where there may be a possibility of one or two OPR hikes next year. With the Malaysian Federal Government looking to reduce Treasury bill issuance for the next 2-months, there could be higher issuances in 4Q2023 to drive Malaysian Government Securities (MGS) / Government Investment Issues (GII) curve moderately steeper. In such a scenario, we will generally underweight government bonds and focus more on corporate bonds. Trading opportunities would arise if government bond yields spike on supply concerns.</p> <p>The higher inflationary outlook from subsidy rationalization may weigh on bond market sentiment in the near term, affirming our current strategy to be defensive on duration. Nonetheless, we will gradually increase the duration of the portfolios if bond yields have adjusted to cheaper levels for us to re-enter the market.</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> </ol>

- |  |   |
|--|---|
|  | 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. |
|--|---|

Kuala Lumpur, Malaysia  
AmFunds Management Berhad

20 November 2023



## **Independent auditors' report to the unit holders of AmBon Islam**

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

#### *Opinion*

We have audited the financial statements of AmBon Islam ("the Fund"), which comprise the statement of financial position as at 30 September 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 58 to 87.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 September 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 AmBon Islam (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  
AmBon Islam (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  
AmBon Islam (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  
20 November 2023

**AmBon Islam**

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

	<b>Note</b>	<b>2023 RM</b>	<b>2022 RM</b>
<b>ASSETS</b>			
Shariah-compliant investments	4	59,074,177	67,587,737
Amount due from Manager	5(a)	371,347	-
Other receivables		207,875	-
Cash at banks		5,942,208	3,194,662
<b>TOTAL ASSETS</b>		<u>65,595,607</u>	<u>70,782,399</u>
<b>LIABILITIES</b>			
Amount due to Manager	5(b)	2,484,696	198,585
Amount due to Trustee	6	3,720	4,328
Sundry payables and accruals		14,829	17,906
<b>TOTAL LIABILITIES</b>		<u>2,503,245</u>	<u>220,819</u>
<b>NET ASSET VALUE (“NAV”) OF THE FUND</b>		<u>63,092,362</u>	<u>70,561,580</u>
<b>EQUITY</b>			
Unit holders’ capital	8(a)	59,228,633	70,446,830
Retained earnings	8(b)(c)	3,863,729	114,750
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	8	<u>63,092,362</u>	<u>70,561,580</u>
<b>UNITS IN CIRCULATION</b>	8(a)	<u>48,660,873</u>	<u>57,342,545</u>
<b>NAV PER UNIT (RM) – EX-DISTRIBUTION</b>		<u>1.2966</u>	<u>1.2305</u>

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

**AmBon Islam****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023**

	Note	2023 RM	2022 RM
<b>SHARIAH-COMPLIANT INVESTMENT INCOME</b>			
Profit income		3,140,099	3,503,362
Other income		-	6
Net gain/(loss) from Shariah-compliant investments:			
- Financial assets at fair value through profit or loss ("FVTPL")	7	<u>2,329,409</u>	<u>(3,124,955)</u>
		<u>5,469,508</u>	<u>378,413</u>
<b>EXPENDITURE</b>			
Manager's fee	5	(706,541)	(821,283)
Trustee's fee	6	(49,458)	(57,490)
Audit fee		(9,500)	(9,500)
Tax agent's fee		(4,100)	(4,100)
Other expenses		<u>(13,809)</u>	<u>(10,359)</u>
		<u>(783,408)</u>	<u>(902,732)</u>
<b>Net income/(loss) before taxation</b>		4,686,100	(524,319)
<b>Taxation</b>	10	<u>-</u>	<u>-</u>
<b>Net income/(loss) after taxation, representing total comprehensive income/(loss) for the financial year</b>		<u>4,686,100</u>	<u>(524,319)</u>
Total comprehensive income/(loss) comprises the following:			
Realised income		2,402,672	2,343,278
Unrealised gain/(loss)		<u>2,283,428</u>	<u>(2,867,597)</u>
		<u>4,686,100</u>	<u>(524,319)</u>
<b>Distributions for the financial year</b>			
Net distributions	11	<u>937,121</u>	<u>1,568,938</u>
Gross distributions per unit (sen)	11	<u>1.75</u>	<u>2.50</u>
Net distributions per unit (sen)	11	<u>1.75</u>	<u>2.50</u>

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

**AmBon Islam**

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

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 October 2022		70,446,830	114,750	70,561,580
Total comprehensive income for the financial year		-	4,686,100	4,686,100
Creation of units	8(a)	34,376,755	-	34,376,755
Reinvestment of distributions	8(a),11	937,121	-	937,121
Cancellation of units	8(a)	(46,532,073)	-	(46,532,073)
Distributions	11	-	(937,121)	(937,121)
Balance at 30 September 2023		<u>59,228,633</u>	<u>3,863,729</u>	<u>63,092,362</u>
At 1 October 2021		82,992,675	2,208,007	85,200,682
Total comprehensive loss for the financial year		-	(524,319)	(524,319)
Creation of units	8(a)	9,235,581	-	9,235,581
Reinvestment of distributions	8(a),11	1,568,938	-	1,568,938
Cancellation of units	8(a)	(23,350,364)	-	(23,350,364)
Distributions	11	-	(1,568,938)	(1,568,938)
Balance at 30 September 2022		<u>70,446,830</u>	<u>114,750</u>	<u>70,561,580</u>

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

**AmBon Islam****STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from maturity/sale of Shariah-compliant investments	58,561,505	37,281,150
Purchase of Shariah-compliant investments	(48,020,110)	(28,081,640)
Profit received	3,233,799	3,778,802
Other income received	-	6
Manager's fee paid	(717,905)	(834,187)
Trustee's fee paid	(50,066)	(58,291)
Tax agent's fee paid	(4,100)	(4,100)
Payments for other expenses	(26,386)	(19,597)
Net cash generated from operating and investing activities	<u>12,976,737</u>	<u>12,062,143</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	34,005,408	9,237,333
Payments for cancellation of units	(44,234,599)	(23,224,098)
Distributions paid	-	(257)
Net cash used in financing activities	<u>(10,229,191)</u>	<u>(13,987,022)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,747,546</b>	<b>(1,924,879)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<u><b>3,194,662</b></u>	<u><b>5,119,541</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<u><b>5,942,208</b></u>	<u><b>3,194,662</b></u>
Cash and cash equivalents comprise:		
Cash at banks	<u>5,942,208</u>	<u>3,194,662</u>



## AmBon Islam

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 1. GENERAL INFORMATION

AmBon Islam (“the Fund”) was established pursuant to a Deed dated 30 October 2001 as amended by Deeds supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, AmanahRaya Trustees Berhad as the Trustee and all unit holders.

The Fund aims to provide investors with a consistent stream of “halal income”, derived from investments based on Principles of Shariah. As provided in the Deed, the financial year shall end on 30 September and the units in the Fund were first offered for sale on 26 November 2001.

The financial statements were authorised for issue by the Manager on 20 November 2023.

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

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

##### Standards effective during the financial year

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

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

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

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

Standards issued but not yet effective

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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 deposits with licensed financial institutions, cash at banks, amount due from Target Fund Manager, amount due from Manager, amount due from brokers/financial institutions, dividend/distribution receivables and other receivables.

*Financial assets at FVOCI*

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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 30 SEPTEMBER 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 Shariah-compliant investments in local 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets at FVTPL</b>		
At nominal value:		
Corporate sukuk	47,600,000	67,900,000
Government Investment Issues	10,000,000	200,000
	<u>57,600,000</u>	<u>68,100,000</u>
At fair value:		
Corporate sukuk	48,890,541	67,394,501
Government Investment Issues	10,183,636	193,236
	<u>59,074,177</u>	<u>67,587,737</u>

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

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

Details of Shariah-compliant investments as at 30 September 2023 are as follows:

<b>Maturity date</b>	<b>Issuer</b>	<b>Credit rating</b>	<b>Nominal value RM</b>	<b>Fair value RM</b>	<b>Adjusted cost RM</b>	<b>Fair value as a percentage of NAV %</b>
<b>Corporate sukuk</b>						
27.02.2025	TG Excellence Berhad	A	5,000,000	4,935,997	5,018,397	7.82
19.03.2026	IJM Land Berhad	A	3,000,000	3,062,363	3,085,404	4.85
25.09.2026	Malayan Banking Berhad	AA	2,000,000	1,993,578	2,001,358	3.16
19.03.2027	IJM Land Berhad	A	500,000	511,297	500,942	0.81
18.06.2027	UEM Sunrise Berhad	AA	2,500,000	2,598,424	2,538,449	4.12
27.09.2027	IJM Land Berhad	A	2,300,000	2,265,126	2,304,435	3.59
16.11.2027	Dialog Group Berhad	A	4,300,000	4,248,617	4,367,469	6.74
09.12.2027	First Abu Dhabi Bank P.J.S.C.	AA	500,000	518,513	507,223	0.82
10.02.2028	AEON Credit Service (M) Berhad	AA	2,000,000	1,968,970	2,010,970	3.12
12.12.2029	DRB-HICOM Berhad	A	4,700,000	4,708,082	4,772,895	7.46
30.04.2031	OSK Rated Bond Sdn. Bhd.	AA	1,000,000	1,022,598	1,040,552	1.62
16.03.2032	Tanjung Bin Energy Sdn. Bhd.	AA	500,000	522,934	530,387	0.83
15.09.2033	OSK Rated Bond Sdn. Bhd.	AA	4,500,000	4,522,509	4,509,054	7.17

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

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

Details of Shariah-compliant investments as at 30 September 2023 are as follows: (cont'd.)

<b>Maturity date</b>	<b>Issuer</b>	<b>Credit rating</b>	<b>Nominal value RM</b>	<b>Fair value RM</b>	<b>Adjusted cost RM</b>	<b>Fair value as a percentage of NAV %</b>
<b>Corporate sukuk (cont'd.)</b>						
05.07.2034	Edra Energy Sdn. Bhd.	AA	2,800,000	3,286,731	3,420,071	5.21
23.08.2034	Lebuhraya DUKE Fasa 3 Sdn. Bhd.	AA	1,000,000	1,054,068	1,065,663	1.67
06.10.2034	Solarpack Suria Sungai Petani Sdn. Bhd.	AA	4,250,000	4,506,430	4,395,211	7.14
23.08.2035	Lebuhraya DUKE Fasa 3 Sdn. Bhd.	AA	2,500,000	2,647,609	2,558,454	4.20
06.10.2036	Solarpack Suria Sungai Petani Sdn. Bhd.	AA	4,250,000	4,516,695	4,397,927	7.16
<b>Total corporate sukuk</b>			<b>47,600,000</b>	<b>48,890,541</b>	<b>49,024,861</b>	<b>77.49</b>
<b>Government Investment Issues</b>						
30.09.2026	Government of Malaysia	NR*	5,000,000	5,070,556	5,075,651	8.04
30.09.2030	Government of Malaysia	NR*	5,000,000	5,113,080	5,139,951	8.10
<b>Total Government Investment Issues</b>			<b>10,000,000</b>	<b>10,183,636</b>	<b>10,215,602</b>	<b>16.14</b>
<b>Total financial assets at FVTPL</b>			<b>57,600,000</b>	<b>59,074,177</b>	<b>59,240,463</b>	<b>93.63</b>
<b>Shortfall of fair value over adjusted cost</b>				<b>(166,286)</b>		

\* Non-Rated

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

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

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

	Effective yield	
	2023	2022
	%	%
Corporate sukuk	4.86	5.06
Government Investment Issues	3.72	4.64

Analysis of the remaining maturity of Shariah-compliant investments as at 30 September 2023 and 30 September 2022 are as follows:

	1 year to 5 years RM	More than 5 years RM
<b>2023</b>		
At nominal value:		
Corporate sukuk	22,100,000	25,500,000
Government Investment Issues	5,000,000	5,000,000
	<b>1 year to 5 years RM</b>	<b>More than 5 years RM</b>
<b>2022</b>		
At nominal value:		
Corporate sukuk	26,600,000	41,300,000
Government Investment Issues	-	200,000

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

	Note	2023 RM	2022 RM
<b>(a) Due from Manager</b>			
Creation of units	(i)	371,347	-
<b>(b) Due to Manager</b>			
Redemption of units	(ii)	2,426,204	128,729
Manager's fee payable	(iii)	58,492	69,856
		<b>2,484,696</b>	<b>198,585</b>

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

- (i) This represents amount receivable from the Manager for units created.
- (ii) This represents amount payable to the Manager for units redeemed.

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

- (iii) Manager's fee is at a rate of 1.00% (2022: 1.00%) 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.

#### 6. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.07% (2022: 0.07%) 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 Trustee's fee payable is one month.

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

	2023 RM	2022 RM
Net gain/(loss) on financial assets at FVTPL comprised:		
– Net realised gain/(loss) on sale of Shariah-compliant investments	45,981	(257,358)
– Net unrealised gain/(loss) on changes in fair value of Shariah-compliant investments	2,283,428	(2,867,597)
	<u>2,329,409</u>	<u>(3,124,955)</u>

#### 8. TOTAL EQUITY

Total equity is represented by:

	Note	2023 RM	2022 RM
Unit holders' capital	(a)	59,228,633	70,446,830
Retained earnings			
– Realised income	(b)	4,030,015	2,564,464
– Unrealised losses	(c)	(166,286)	(2,449,714)
		<u>63,092,362</u>	<u>70,561,580</u>

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

**8. TOTAL EQUITY (CONT'D.)**

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

	2023		2022	
	Number of units	RM	Number of units	RM
At beginning of the financial year	57,342,545	70,446,830	67,413,054	82,992,675
Creation during the financial year	26,981,498	34,376,755	7,342,348	9,235,581
Reinvestment of distributions (Note 11)	738,432	937,121	1,255,911	1,568,938
Cancellation during the financial year	(36,401,602)	(46,532,073)	(18,668,768)	(23,350,364)
At end of the financial year	<u>48,660,873</u>	<u>59,228,633</u>	<u>57,342,545</u>	<u>70,446,830</u>

**(b) Realised – distributable**

	2023 RM	2022 RM
At beginning of the financial year	2,564,464	1,790,124
Net realised income for the financial year	2,402,672	2,343,278
Distributions out of realised income (Note 11)	(937,121)	(1,568,938)
At end of the financial year	<u>4,030,015</u>	<u>2,564,464</u>

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

	2023 RM	2022 RM
At beginning of the financial year	(2,449,714)	417,883
Net unrealised gain/(loss) for the financial year	2,283,428	(2,867,597)
At end of the financial year	<u>(166,286)</u>	<u>(2,449,714)</u>

**9. 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

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

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

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

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>(i) Significant related party transactions</b>		
<u>AmBank Islamic Berhad</u>		
Profit income	<u>206,188</u>	<u>159,016</u>
<b>(ii) Significant related party balances</b>		
<u>AmBank Islamic Berhad</u>		
Cash at banks	<u>5,941,108</u>	<u>3,194,662</u>

**10. TAXATION**

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

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Net income/(loss) before taxation	<u>4,686,100</u>	<u>(524,319)</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	1,124,664	(125,837)
Tax effects of:		
Income not subject to tax	(1,313,837)	(840,808)
Losses not allowed for tax deduction	1,155	749,989
Restriction on tax deductible expenses for unit trust fund	154,665	179,665
Non-permitted expenses for tax purposes	16,168	17,028
Permitted expenses not used and not available for future financial years	<u>17,185</u>	<u>19,963</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 11. DISTRIBUTIONS

Distributions to unit holders 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	1,696,658	2,471,670
Net realised gain on sale of Shariah-compliant investments	23,871	-
	<u>1,720,529</u>	<u>2,471,670</u>
Less: Expenses	(783,408)	(902,732)
Total amount of distributions	<u>937,121</u>	<u>1,568,938</u>
Gross distributions per unit (sen)	<u>1.75</u>	<u>2.50</u>
Net distributions per unit (sen)	<u>1.75</u>	<u>2.50</u>
Distributions made out of:		
- Realised income [Note 8(b)]	<u>937,121</u>	<u>1,568,938</u>
Comprising:		
Reinvestment of distributions [Note 8(a)]	<u>937,121</u>	<u>1,568,938</u>

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

#### Financial year ended 30 September 2023

<b>Distributions Ex-date</b>	<b>Gross distributions per unit RM (sen)</b>	<b>Net distributions per unit RM (sen)</b>	<b>Total distributions RM</b>
27 March 2023	1.23	1.23	676,877
22 September 2023	0.52	0.52	260,244
	<u>1.75</u>	<u>1.75</u>	<u>937,121</u>

#### Financial year ended 30 September 2022

<b>Distributions Ex-date</b>	<b>Gross distributions per unit RM (sen)</b>	<b>Net distributions per unit RM (sen)</b>	<b>Total distributions RM</b>
24 March 2022	1.00	1.00	693,413
19 September 2022	1.50	1.50	875,525
	<u>2.50</u>	<u>2.50</u>	<u>1,568,938</u>



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

**11. DISTRIBUTIONS (CONT'D.)**

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

The distributions declared for the financial year ended 30 September 2022 has been proposed before taking into account the net unrealised loss of RM2,867,597 arising during the financial year which is carried forward to the next financial year.

**12. TOTAL EXPENSE RATIO (“TER”)**

The Fund’s TER is as follows:

	<b>2023</b>	<b>2022</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Manager’s fee	1.00	1.00
Trustee’s fee	0.07	0.07
Fund’s other expenses	0.04	0.03
Total TER	<u>1.11</u>	<u>1.10</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.

**13. 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 0.76 times (2022: 0.40 times).

**14. 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.

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

**15. TRANSACTIONS WITH BROKERS**

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

	<b>Transaction value</b>	
	<b>RM</b>	<b>%</b>
RHB Investment Bank Berhad	27,511,732	25.59
CIMB Islamic Bank Berhad	26,672,131	24.81
CIMB Bank Berhad	19,291,938	17.95
Malayan Banking Berhad	17,890,785	16.64
AmBank (M) Berhad*	6,100,000	5.68
Bank Islam Malaysia Berhad	4,829,650	4.49
Hong Leong Bank Berhad	4,129,273	3.84
Affin Hwang Investment Bank Berhad	1,069,049	1.00
Total	<u>107,494,558</u>	<u>100.00</u>

\* A financial institution related to the Manager.

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.

**16. 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.

	<b>Financial assets at FVTPL RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>2023</b>				
<b>Assets</b>				
Shariah-compliant investments	59,074,177	-	-	59,074,177
Amount due from Manager	-	371,347	-	371,347
Other receivables	207,875	-	-	207,875
Cash at banks	-	5,942,208	-	5,942,208
Total financial assets	<u>59,282,052</u>	<u>6,313,555</u>	<u>-</u>	<u>65,595,607</u>



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

**16. FINANCIAL INSTRUMENTS (CONT'D.)**

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2023</b>				
Financial assets at FVTPL	-	59,074,177	-	59,074,177
	<u>-</u>	<u>59,074,177</u>	<u>-</u>	<u>59,074,177</u>
<b>2022</b>				
Financial assets at FVTPL	-	67,587,737	-	67,587,737
	<u>-</u>	<u>67,587,737</u>	<u>-</u>	<u>67,587,737</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
- Cash at banks
- 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.

**17. 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 Services and the Deed as the backbone of risk management of the Fund.

**NOTES TO THE FINANCIAL STATEMENTS  
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**17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**

**(a) Market risk**

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

The Fund's market risk is affected primarily by the following risks:

**(i) 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
+100bps	(2,904,982)	(3,239,727)
-100bps	3,355,424	3,741,496

**(b) Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. The Fund can invest up to 100% of the NAV in Shariah-compliant fixed income instruments. As such the Fund would be exposed to the risk of sukuk issuers and financial institutions defaulting on its repayment obligations which in turn would affect the NAV of the Fund.

**NOTES TO THE FINANCIAL STATEMENTS  
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**17. 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 30 September 2023 and 30 September 2022:

<b>Credit rating</b>	<b>RM</b>	<b>As a % of debt securities</b>	<b>As a % of NAV</b>
<b>2023</b>			
AA	29,159,059	49.36	46.22
A	19,731,482	33.40	31.27
NR	10,183,636	17.24	16.14
	<u>59,074,177</u>	<u>100.00</u>	<u>93.63</u>
<b>2022</b>			
AAA	5,595,236	8.28	7.93
AA	47,215,414	69.86	66.91
A	14,583,851	21.58	20.67
NR	193,236	0.28	0.27
	<u>67,587,737</u>	<u>100.00</u>	<u>95.78</u>

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

**(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 30 September 2023 and 30 September 2022:

**NOTES TO THE FINANCIAL STATEMENTS  
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**17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**

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

**(ii) Credit risk concentration (cont'd.)**

Sector	RM	As a % of debt securities	As a % of NAV
<b>2023</b>			
Consumer discretionary	4,708,082	7.97	7.46
Energy and utilities	17,081,407	28.91	27.08
Financial services	4,481,061	7.58	7.10
Industrials	4,935,997	8.36	7.82
Public administration	10,183,636	17.24	16.14
Real estate	13,982,317	23.67	22.16
Transportation and storage	3,701,677	6.27	5.87
	<u>59,074,177</u>	<u>100.00</u>	<u>93.63</u>
<b>2022</b>			
Construction and engineering	1,381,459	2.05	1.96
Diversified holdings	16,011,309	23.69	22.69
Financial services	4,400,385	6.51	6.24
Industrial products	13,498,382	19.97	19.13
Infrastructures and utilities	15,730,133	23.27	22.29
Petroleum and gas	12,127,139	17.94	17.18
Public finance	193,236	0.29	0.27
Trading and Services	4,245,694	6.28	6.02
	<u>67,587,737</u>	<u>100.00</u>	<u>95.78</u>

**(c) Liquidity risk**

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial 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 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.

**NOTES TO THE FINANCIAL STATEMENTS  
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**17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**

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

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

	<b>Contractual cash flows (undiscounted)</b>					
	<b>0 – 1 year RM</b>	<b>1 – 2 years RM</b>	<b>2 – 3 years RM</b>	<b>3 – 4 years RM</b>	<b>4 – 5 years RM</b>	<b>More than 5 years RM</b>
<b>2023</b>						
<b>Financial assets</b>						
Shariah-compliant investments	3,000,959	7,688,441	12,506,980	7,418,158	8,416,986	38,587,868
Amount due from Manager	371,347	-	-	-	-	-
Cash at banks	5,942,208	-	-	-	-	-
<b>Total assets</b>	<b>9,314,514</b>	<b>7,688,441</b>	<b>12,506,980</b>	<b>7,418,158</b>	<b>8,416,986</b>	<b>38,587,868</b>
<b>Financial liabilities</b>						
Amount due to Manager	2,484,696	-	-	-	-	-
Amount due to Trustee	3,720	-	-	-	-	-
Sundry payables and accruals	14,829	-	-	-	-	-
<b>Total liabilities</b>	<b>2,503,245</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



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

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

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

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

	<b>Contractual cash flows (undiscounted)</b>					
	<b>0 – 1 year RM</b>	<b>1 – 2 years RM</b>	<b>2 – 3 years RM</b>	<b>3 – 4 years RM</b>	<b>4 – 5 years RM</b>	<b>More than 5 years RM</b>
<b>2022</b>						
<b>Financial assets</b>						
Shariah-compliant Investments	3,258,289	3,741,680	8,114,849	8,896,951	17,694,782	47,973,229
Cash at banks	3,194,662	-	-	-	-	-
<b>Total assets</b>	<b>6,452,951</b>	<b>3,741,680</b>	<b>8,114,849</b>	<b>8,896,951</b>	<b>17,694,782</b>	<b>47,973,229</b>
<b>Financial liabilities</b>						
Amount due to Manager	198,585	-	-	-	-	-
Amount due to Trustee	4,328	-	-	-	-	-
Sundry payables and accruals	17,906	-	-	-	-	-
<b>Total liabilities</b>	<b>220,819</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS  
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**17. 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 the 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.

**18. 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 30 September 2023 and 30 September 2022.

## **AmBon Islam**

### **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 AmBon Islam (“the Fund”) as at 30 September 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

20 November 2023

## **TRUSTEE'S REPORT**

To the unit holders of **AMBON ISLAM** ("Fund"),

We have acted as Trustee of the Fund for the financial year ended 30 September 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 **AMANAHRAYA TRUSTEES BERHAD**

**ZAINUDIN BIN SUHAIMI**  
Chief Executive Officer  
Date: 16 November 2023

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

To the unit holders of AmBon Islam ("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: 20 November 2023

## MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of AmAl-Amin ("Fund") for the financial year ended 30 September 2023.

### Salient Information of the Fund

<b>Name</b>	AmAl-Amin ("Fund")
<b>Category/ Type</b>	Islamic Fixed Income / Income
<b>Objective</b>	AmAl-Amin aims to provide you with a regular stream of "halal" monthly income* by investing in Islamic money market instruments and Sukuk.  <i>Note:</i> <i>* The income could be in the form of units or cash.</i> <i>Any material change to the investment objective of the Fund would require Unit Holders' approval.</i>
<b>Duration</b>	The Fund was established on 26 November 2001 and shall exist for as long as it appears to the Manager and to the Trustee that it is in the interests of unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.
<b>Performance Benchmark</b>	Malayan Banking Berhad Al-Mudharabah (GIA) 1-Month Rate ("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> )  <i>Note: The benchmark does not imply that the risk profile of the Fund is the same as the risk profile of the benchmark. Investors of the Fund will assume higher risk compared to the benchmark. Hence, the returns of the Fund may be potentially higher due to the higher risk faced by the investors.</i>
<b>Income Distribution Policy</b>	Income is calculated daily and paid monthly within 14 days after the last day of each month or on full redemption.

### Fund Performance Data

<b>Portfolio Composition</b>	Details of portfolio composition of the Fund as at 30 September are as follows:			
		<b>As at 30 September</b>		
		<b>2023</b>	<b>2022</b>	<b>2021</b>
		<b>%</b>	<b>%</b>	<b>%</b>
	Corporate sukuk	63.87	79.79	70.80
	Commercial papers	-	1.03	7.06
Money market deposits and cash equivalents	36.13	19.18	22.14	
<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 30 September are as follows:

	<b>FYE 2023</b>	<b>FYE 2022</b>	<b>FYE 2021</b>
Net asset value (RM)*	1,088,210,171	1,444,155,216	423,141,306
Units in circulation*	1,088,254,272	1,453,311,774	419,996,704
Net asset value per unit (RM) <sup>(1)</sup>	1.0000	0.9937	1.0075
Highest net asset value per unit (RM)*	1.0032	1.0070	1.0115
Lowest net asset value per unit (RM)*	1.0000	1.0017	1.0065
Benchmark performance (%)	2.01	1.17	1.00
Total return (%) <sup>(2)</sup>	3.08	2.21	2.19
- Capital growth (%)	-	-	-
- Income distributions (%)	3.08	2.21	2.19
Gross distributions (RM)	34,530,153	34,551,089	7,765,041
Net distributions (RM)	34,530,153	34,551,089	7,765,041
Total expense ratio (%) <sup>(3)</sup>	0.82	0.80	0.68
Portfolio turnover ratio (times) <sup>(4)</sup>	0.39	0.49	1.08

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

Note:

- (1) With the exemption granted by the authority in relation to determine the unit pricing of the Fund, subscription/redemption price for the unit of the Fund may differ from the NAV per unit stated above.
- (2) Total return is computed based on the income return of the Fund net of all fees.
- (3) 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 0.02% as compared to 0.80% per annum for the financial year ended 30 September 2022 mainly due to decrease in average fund size.
- (4) 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 decrease in the PTR for 2023 and 2022 were due mainly to investing activities.

**Average Total Return (as at 30 September 2023)**

	<b>AmAl-Amin<sup>(a)</sup></b> <b>%</b>	<b>MBB<sup>(b)</sup></b> <b>%</b>
One year	3.08	2.01
Three years	2.49	1.39
Five years	2.80	1.65
Ten years	2.94	2.45

**Annual Total Return**

<b>Financial Years Ended (30 September)</b>	<b>AmAl-Amin<sup>(a)</sup></b> <b>%</b>	<b>MBB<sup>(b)</sup></b> <b>%</b>
2023	3.08	2.01
2022	2.21	1.17
2021	2.19	1.00
2020	2.88	1.67
2019	3.61	2.40

(a) Source: Novagni Analytics and Advisory Sdn. Bhd.  
 (b) Malayan Banking Berhad Al-Mudharabah (GIA) 1-Month Rate (“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 accumulated 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.**

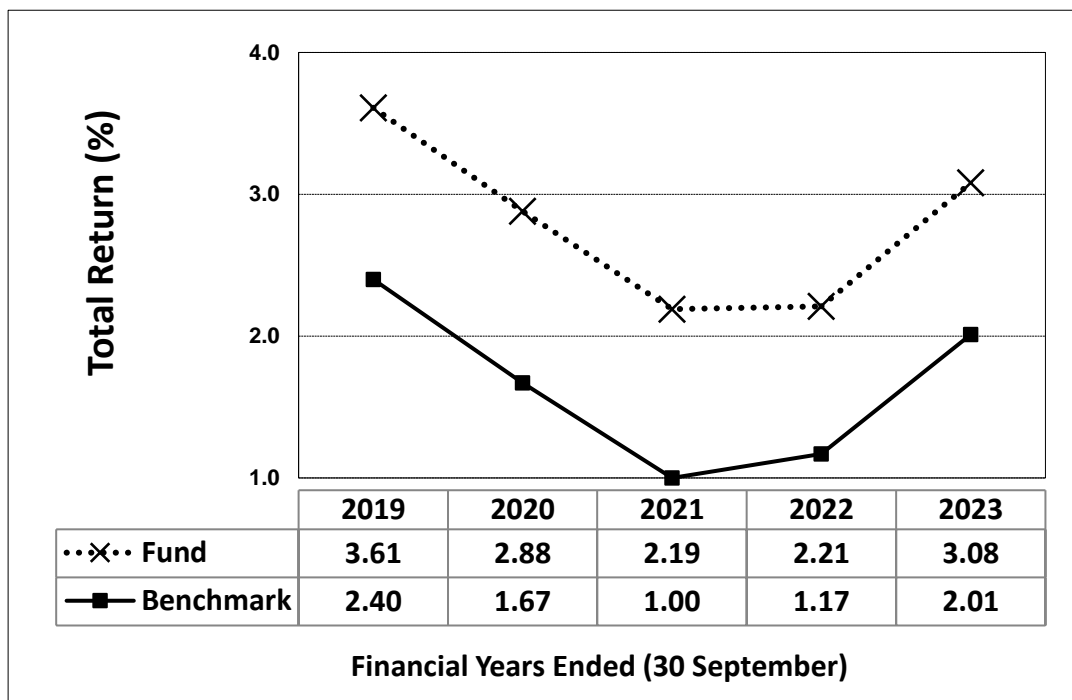
**Fund Performance**

For the financial year under review, the Fund registered a return of 3.08% which is entirely income distribution in nature.

Thus, the Fund’s return of 3.08% has outperformed the benchmark’s return of 2.01% by 1.07%.

As compared with the financial year ended 30 September 2022, the net asset value (“NAV”) per unit of the Fund increased by 0.63% from RM0.9937 to RM1.000, while units in circulation decreased by 25.12% from 1,453,311,774 units to 1,088,254,272 units.

The following line chart shows the comparison between the annual performances of AmAl-Amin and its benchmark, MBB, for the financial years ended 30 September.



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



<p><b>Strategies and Policies Employed</b></p>	<p>For the financial year under review, The Fund seeks to achieve its objective by investing primarily in RM-denominated high-quality short to medium-term Sukuk and Islamic money markets instruments with the following minimum credit rating:</p> <ul style="list-style-type: none"> <li>i. Short-term credit rating of P2 by RAM or its equivalent as rated by a local or global rating agency; or</li> <li>ii. Long-term credit rating of A3 by RAM or its equivalent as rated by a local or global rating agency.</li> </ul> <p>If the credit rating of the Sukuk and Islamic money markets instruments falls below the above minimum rating, the Fund may dispose of the investment. However, the Fund reserves the right to maintain the investment if the downgrade is a temporary event. The Fund's investments are structured to mature as follows:</p> <ul style="list-style-type: none"> <li>a. At least 10% of the investments within 7 days;</li> <li>b. At least 20% of the investments within 31 days.</li> </ul> <p>With the exception of extraordinary circumstances, the weighted average maturity of the Fund's investments will not exceed one and a half (1.5) years.</p> <p>All income from the investments will be accrued and allocated to Unit Holders on a daily basis in order for the Manager to maintain a stable NAV per unit of RM1.00. However, please note that the Fund is not a capital protected or capital guaranteed fund as defined under the SC Guidelines.</p> <p>The Fund is actively managed. However, the frequency of its trading strategy will depend on investment opportunities.</p>																				
<p><b>Portfolio Structure</b></p>	<p>The table below is the asset allocation of the Fund as at 30 September 2023 and 30 September 2022.</p> <table border="1" data-bbox="395 1151 1465 1431"> <thead> <tr> <th></th> <th>As at 30.09.2023 %</th> <th>As at 30.09.2022 %</th> <th>Changes %</th> </tr> </thead> <tbody> <tr> <td>Corporate sukuk</td> <td>63.87</td> <td>79.79</td> <td>-15.92</td> </tr> <tr> <td>Commercial papers</td> <td>-</td> <td>1.03</td> <td>-1.03</td> </tr> <tr> <td>Money market deposits and cash equivalents</td> <td>36.13</td> <td>19.18</td> <td>16.95</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's exposure to corporate sukuk decreased from 79.79% to 63.87% of its NAV whilst its other money market deposits and cash equivalents have increased from 19.18% to 36.13% of its NAV.</p>		As at 30.09.2023 %	As at 30.09.2022 %	Changes %	Corporate sukuk	63.87	79.79	-15.92	Commercial papers	-	1.03	-1.03	Money market deposits and cash equivalents	36.13	19.18	16.95	<b>Total</b>	<b>100.00</b>	<b>100.00</b>	
	As at 30.09.2023 %	As at 30.09.2022 %	Changes %																		
Corporate sukuk	63.87	79.79	-15.92																		
Commercial papers	-	1.03	-1.03																		
Money market deposits and cash equivalents	36.13	19.18	16.95																		
<b>Total</b>	<b>100.00</b>	<b>100.00</b>																			
<p><b>Securities Lending / Repurchase Transactions</b></p>	<p>The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").</p>																				
<p><b>Cross Trade</b></p>	<p>There were no cross trades undertaken during the financial year under review.</p>																				
<p><b>Distribution/ Unit splits</b></p>	<p>The Fund distributes the entire income on a monthly basis. For the financial year under review, the Fund has distributed income totaling RM34,530,153 and no unit split was declared.</p>																				

<b>State of Affairs</b>	There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial year under review.
<b>Rebates and Soft Commission</b>	During the year, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.
<b>Market Review</b>	<p>During the last quarter of 2022, the United States (US) Federal Reserve delivered its fourth 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.</p> <p>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 – United States Treasury (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. Meanwhile, BNM kept the OPR unchanged on 9 March 2023 while remained cautious against upside risk to domestic inflation and volatility of external financial condition.</p> <p>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. Meanwhile during 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.</p> <p>For the third quarter of 2023, local bond market endured a volatile session largely mirrored movement in the UST. On the beginning of July, MGS outperformed with yields declined across curve following lower than expected US June 2023 Consumer Price Index (CPI) while BNM had kept the OPR unchanged at 3.00% level during July meeting. However, MGS weakened as time progressed amid 25bps rate hike by the US Federal Reserve on 26th July with no change in forward guidance language. Towards August, domestic yields took cues from US rates where the weaker than expected United States (US) employment and contracting</p>

	<p>manufacturing activity at the start of the month depicted a more dovish US Federal Reserve stance, which then reversed with better-than-expected employment; resilient Gross Domestic Product (GDP) growth numbers and the US Federal Reserve Chairman committing to an inflation fighting policy stance at end of the month. Last but not least, for the last month of third quarter 2023, Malaysian Government Securities (MGS) saw yields rose further across the curve in tandem with the sell-off in the United States Treasury (UST) with much of the movement was due to the more hawkish guidance from the US Federal Open Market Committee (FOMC) - despite a no-hike decision in September FOMC meeting - as they forecasted a “higher for longer” interest rate path with fewer rate cuts next year than previously indicated.</p>
<b>Market Outlook</b>	<p>With the latest United States (US) Federal Reserve and Bank Negara Malaysia (BNM) policy actions at their respective meetings, the bond market staged a rally after weeks of selling pressure. Moving into 2024, we maintain our base case view of no Overnight Policy Rate (OPR) hike until 1Q2024. The outlook would depend on the inflation pick-up from potential subsidy adjustments, where there may be a possibility of one or two OPR hikes next year. With the Malaysian Federal Government looking to reduce Treasury bill issuance for the next 2-months, there could be higher issuances in 4Q2023 to drive Malaysia Government Security (MGS) / Government Investment Issues (GII) curve moderately steeper. In such a scenario, we will generally underweight government bonds and focus more on corporate bonds. Trading opportunities would arise if government bond yields spike on supply concerns.</p> <p>The higher inflationary outlook from subsidy rationalization may weigh on bond market sentiment in the near term, affirming our current strategy to be defensive on duration. Nonetheless, we will gradually increase the duration of the portfolios if bond yields have adjusted to cheaper levels for us to re-enter the market.</p>
<b>Additional Information</b>	<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

20 November 2023

## **Independent auditors' report to the unit holders of AmAl-Amin**

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

#### *Opinion*

We have audited the financial statements of AmAl-Amin ("the Fund"), which comprise the statement of financial position as at 30 September 2023, 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 101 to 136.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 September 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 AmAl-Amin (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 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  
AmAl-Amin (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  
AmAl-Amin (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  
20 November 2023

AmAl-Amin

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

	Note	2023 RM	2022 RM
<b>ASSETS</b>			
Shariah-compliant investments	4	695,050,200	1,167,181,657
Profit receivables		6,714,389	12,634,864
Shariah-compliant deposits with licensed financial institutions	5	205,210,329	-
Cash at banks		184,474,707	268,655,449
<b>TOTAL ASSETS</b>		<u>1,091,449,625</u>	<u>1,448,471,970</u>
<b>LIABILITIES</b>			
Amount due to Manager	6	657,509	1,075,032
Amount due to Trustee	7	55,867	86,661
Distribution payables		2,511,194	3,137,083
Sundry payables and accruals		14,884	17,978
<b>TOTAL LIABILITIES</b>		<u>3,239,454</u>	<u>4,316,754</u>
<b>NET ASSET VALUE (“NAV”) OF THE FUND</b>		<u>1,088,210,171</u>	<u>1,444,155,216</u>
<b>EQUITY</b>			
Unit holders’ capital	9(a)	1,088,254,272	1,453,311,774
Accumulated losses	9(b)(c)	(1,465,813)	(2,304,981)
Fair value reserve/(deficit)	9(d)	92,674	(10,394,848)
Capital reserve	10	1,329,038	3,543,271
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	9	<u>1,088,210,171</u>	<u>1,444,155,216</u>
<b>UNITS IN CIRCULATION</b>	9(a)	<u>1,088,254,272</u>	<u>1,453,311,774</u>
<b>NAV PER UNIT (RM)</b>			
- EX-DISTRIBUTION		<u>1.0000</u>	<u>0.9937</u>

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



## AmAl-Amin

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 RM	2022 RM
<b>SHARIAH-COMPLIANT INVESTMENT INCOME</b>			
Profit income		44,640,435	48,116,586
Net losses from Shariah-compliant investments:	8		
– Financial assets at fair value through profit or loss (“FVTPL”)		116,250	(1,348,741)
– Financial assets at fair value through other comprehensive income (“FVOCI”)		(2,053,890)	(606,791)
		<u>42,702,795</u>	<u>46,161,054</u>
<b>EXPENDITURE</b>			
Manager’s fee	6	(8,708,943)	(11,640,384)
Trustee’s fee	7	(812,835)	(1,112,112)
Audit fee		(8,000)	(8,000)
Tax agent’s fee		(4,100)	(4,100)
Other expenses		(13,829)	(12,676)
		<u>(9,547,707)</u>	<u>(12,777,272)</u>
<b>Net income before taxation</b>		33,155,088	33,383,782
<b>Taxation</b>	13	-	-
<b>Net income after taxation</b>		<u>33,155,088</u>	<u>33,383,782</u>
<b>Other comprehensive income/(loss):</b>			
<u>Items that may be reclassified to profit or loss</u>			
– Net gain/(loss) from Shariah-compliant investments		8,433,632	(11,739,699)
– Change in allowance for expected credit losses		(512,470)	404,250
– Reclassification to profit or loss on sale of Shariah-compliant investments		2,566,360	202,541
		<u>10,487,522</u>	<u>(11,132,908)</u>
<b>Net income after taxation, representing total comprehensive income for the financial year</b>		<u>43,642,610</u>	<u>22,250,874</u>
Total comprehensive income comprises the following:			
Realised income		32,811,602	34,721,538
Unrealised gain/(loss)		10,831,008	(12,470,664)
		<u>43,642,610</u>	<u>22,250,874</u>
<b>Distributions for the financial year</b>			
Net distributions	14	<u>34,530,153</u>	<u>34,551,089</u>

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

AmAl-Amin

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

	Note	Unit holders' capital RM	Accumulated losses RM	Fair value (deficit)/ reserve RM	Capital reserve RM	Total equity RM
At 1 October 2022		1,453,311,774	(2,304,981)	(10,394,848)	3,543,271	1,444,155,216
Total comprehensive income for the financial year		-	33,155,088	10,487,522	-	43,642,610
Transfer to capital reserve		-	2,214,233	-	(2,214,233)	-
Creation of units	9(a)	1,547,830,341	-	-	-	1,547,830,341
Reinvestment of distributions	9(a)	34,012,400	-	-	-	34,012,400
Cancellation of units	9(a)	(1,946,900,243)	-	-	-	(1,946,900,243)
Distributions	14	-	(34,530,153)	-	-	(34,530,153)
Balance at 30 September 2023		<u>1,088,254,272</u>	<u>(1,465,813)</u>	<u>92,674</u>	<u>1,329,038</u>	<u>1,088,210,171</u>
At 1 October 2021		419,996,704	(562,975)	738,060	2,969,517	423,141,306
Total comprehensive income for the financial year		-	33,383,782	(11,132,908)	-	22,250,874
Transfer to capital reserve		945	(574,699)	-	573,754	-
Creation of units	9(a)	2,635,832,183	-	-	-	2,635,832,183
Reinvestment of distributions	9(a)	31,518,253	-	-	-	31,518,253
Cancellation of units	9(a)	(1,634,036,311)	-	-	-	(1,634,036,311)
Distributions	14	-	(34,551,089)	-	-	(34,551,089)
Balance at 30 September 2022		<u>1,453,311,774</u>	<u>(2,304,981)</u>	<u>(10,394,848)</u>	<u>3,543,271</u>	<u>1,444,155,216</u>

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

**AmAl-Amin****STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023**

	Note	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>			
Proceeds from maturity/sale of Shariah-compliant investments		689,662,850	347,809,500
Purchase of Shariah-compliant investments		(235,061,930)	(1,211,257,325)
Profit received		56,491,329	48,171,940
Manager's fee paid		(9,126,466)	(10,800,398)
Trustee's fee paid		(843,629)	(1,049,063)
Tax agent's fee paid		(4,100)	(4,100)
Payments for other expenses		(24,924)	(18,414)
Net cash generated from/(used in) operating and investing activities		<u>501,093,130</u>	<u>(827,147,860)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		1,547,830,341	2,635,832,183
Payments for cancellation of units		(1,946,900,243)	(1,634,036,311)
Distributions paid		(1,143,642)	(623,418)
Net cash (used in)/generated from financing activities		<u>(400,213,544)</u>	<u>1,001,172,454</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		100,879,586	174,024,594
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>268,655,449</u>	<u>94,630,855</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		<u><u>369,535,035</u></u>	<u><u>268,655,449</u></u>
Cash and cash equivalents comprise:			
Short-term Shariah-compliant deposits with licensed financial institutions	5	185,060,328	-
Cash at banks		184,474,707	268,655,449
		<u>369,535,035</u>	<u>268,655,449</u>

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

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

**1. GENERAL INFORMATION**

AmAl-Amin (“the Fund”) was established pursuant to a Deed dated 30 October 2001 as amended by Deeds supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, AmanahRaya Trustees Berhad as the Trustee and all unit holders.

The Fund was set up with the objective of providing investors with a regular stream of “halal income”, by investing in Islamic money market and other Islamic debt securities. As provided in the Deed, the financial year shall end on 30 September and the units in the Fund were first offered for sale on 26 November 2001.

The financial statements were authorised for issue by the Manager on 20 November 2023.

**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

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

Standards effective during the financial year

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

<b>Description</b>	<b>Effective for financial periods beginning on or after</b>
Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018-2020” Reference to the Conceptual Framework (Amendments to MFRS 3 <i>Business Combinations</i> )*	1 January 2022 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

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

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

Standards issued but not yet effective

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

Description	Effective for financial periods beginning on or after
MFRS 17 <i>Insurance Contracts and Amendments to MFRS 17*</i>	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contracts</i> )*	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements:</i> <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements:</i> <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting policies, Changes in Accounting</i> <i>Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes: Deferred Tax related to</i> <i>Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Leases: Lease Liability in a Sale and</i> <i>Leaseback*</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements:</i> <i>Non-Current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 <i>Statement of Cash Flows and MFRS 7</i> <i>Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution</i> <i>of Assets between an Investor and its Associate or Joint Venture*</i>	Deferred

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Income recognition**

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

(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.

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

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

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

(i) Profit income (cont'd.)

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, 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.

**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.

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

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

**3.6 Unit holders' capital**

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

**3.7 Capital reserve**

Capital reserve of the Fund represents non-distributable amount as determined by the Manager that may be applied to make good any losses incurred by the Fund and/or avoid a fund consolidation exercise where units may be cancelled, in order to maintain the Funds price at RM1.00 per unit as approved by the Securities Commission Malaysia ("SC"). Capital reserve is based on 0.05% of the units-in-circulation ("UIC") for the Fund's profit income computed on daily basis. However, this amount may be varied at the discretion of the Manager.

**3.8 Financial assets – initial recognition and measurement**

(i) Initial recognition

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

(ii) Initial measurement

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

(iii) "Day 1" profit or loss

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

**3.9 Financial assets – classification and subsequent measurement**

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

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

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

**3.9 Financial assets – classification and subsequent measurement (cont'd.)**

*Business model*

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

*Cash flow characteristics*

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Fund assesses whether the financial assets' contractual cash flows represent solely payment of principal and 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.

**3.10 Financial assets under MFRS 9**

*Classification and measurement*

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

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

*Financial assets at amortised cost*

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. Financial assets include in this category are Shariah-compliant deposits with licensed financial institutions, cash at banks, amount due from brokers/financial institutions, amount due from Manager, dividend/distribution receivables and other receivables.



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

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

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

*Classification and measurement (cont'd.)*

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

*Financial assets at FVOCI*

A financial asset is measured at 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.

**3.11 Financial liabilities – classification and subsequent measurement**

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

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

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

**3.12 Derecognition of financial instruments**

(i) Derecognition of financial asset

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

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

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

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

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

**3.14 Determination of fair value**

For Shariah-compliant investments in fixed income securities, nominal value is the face value of the securities and fair value is determined based on the indicative prices from Bond Pricing Agency Malaysia Sdn. Bhd. plus accrued 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.

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

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

**3.15 Classification of realised gains and losses**

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

**3.16 Significant accounting estimates and judgements**

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.

In the process of applying the accounting policies, the Manager has made the following judgments and 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.

The estimates and assumptions, in which the macro-economic factors are regularly monitored as part of the normal credit risk management of the Fund.

The measurement of impairment losses under MFRS 9 of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that involve the use of judgments and estimates include:

- The internal credit grading model, which assigns probability of default ("PD") to the individual grades;
- The internal criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss ("LTECL") basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, exposure at default ("EAD") and loss given default ("LGD"); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

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

**4. SHARIAH-COMPLIANT INVESTMENTS**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets at FVTPL</b>		
At nominal value:		
Corporate sukuk	<u>135,000,000</u>	<u>137,900,000</u>
At fair value:		
Corporate sukuk	<u>133,742,800</u>	<u>137,020,078</u>
<b>Financial assets at FVOCI</b>		
At nominal value:		
Commercial papers	-	15,000,000
Corporate sukuk	<u>555,000,000</u>	<u>1,010,600,000</u>
	<u>555,000,000</u>	<u>1,025,600,000</u>
At fair value:		
Commercial papers	-	14,926,051
Corporate sukuk	<u>561,307,400</u>	<u>1,015,235,528</u>
	<u>561,307,400</u>	<u>1,030,161,579</u>

An analysis of changes in the fair value and the corresponding ECL is as follows:

	<b>Stage 1</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Fair value as at beginning of the financial year	1,167,181,657	325,264,438
New assets originated or purchased	215,061,930	1,211,257,325
Assets derecognised or matured (excluding write-offs)	(692,456,446)	(348,023,025)
Changes in fair value	11,343,478	(12,874,914)
Amortisation of premium and accretion at discount, net	<u>(6,080,419)</u>	<u>(8,442,167)</u>
At end of the financial year	<u>695,050,200</u>	<u>1,167,181,657</u>

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

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

An analysis of changes in the fair value and the corresponding ECL is as follows: (cont'd.)

	<b>Stage 1 2023 RM</b>	<b>2022 RM</b>
ECL as at beginning of the financial year	970,123	565,873
New assets originated or purchased	50,180	902,037
Assets derecognised or matured (excluding write-offs)	(562,650)	(445,957)
Changes due to modifications not resulting in derecognition	-	(51,830)
At end of the financial year	<u>457,653</u>	<u>970,123</u>

Details of Shariah-compliant investments as at 30 September 2023 are as follows:

<b>Maturity date</b>	<b>Issuer</b>	<b>Credit rating</b>	<b>Nominal value RM</b>	<b>Fair value RM</b>	<b>Adjusted cost RM</b>	<b>Fair value as a percentage of NAV %</b>
<b>Financial assets at FVTPL</b>						
<b>Corporate sukuk</b>						
25.09.2024	Malayan Banking Berhad	AA	5,000,000	4,997,050	5,026,666	0.46
27.02.2025	TG Excellence Berhad	A	100,000,000	98,352,000	99,482,586	9.04
31.10.2025	Malayan Cement Berhad	AA	15,000,000	15,187,800	15,000,000	1.39
24.08.2027	Bank Islam Malaysia Berhad	A	15,000,000	15,205,950	15,231,456	1.40
<b>Total corporate sukuk</b>			<u>135,000,000</u>	<u>133,742,800</u>	<u>134,740,708</u>	<u>12.29</u>
<b>Total financial assets at FVTPL</b>			<u>135,000,000</u>	<u>133,742,800</u>	<u>134,740,708</u>	<u>12.29</u>

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

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

Details of Shariah-compliant investments as at 30 September 2023 are as follows: (cont'd.)

<b>Maturity date</b>	<b>Issuer</b>	<b>Credit rating</b>	<b>Nominal value RM</b>	<b>Fair value RM</b>	<b>Adjusted cost RM</b>	<b>Fair value as a percentage of NAV %</b>
<b>Financial assets at FVOCI</b>						
<b>Corporate sukuk</b>						
23.10.2023	Affin Islamic Bank Berhad	A	10,000,000	10,005,400	10,008,268	0.92
31.10.2023	Selangor State Development Corporation	AA	5,000,000	5,002,700	5,006,613	0.46
31.10.2023	UEM Sunrise Berhad	AA	20,000,000	20,010,000	20,014,388	1.84
16.02.2024	UEM Sunrise Berhad	AA	10,000,000	9,986,300	10,003,306	0.92
15.03.2024	Tanjung Bin Energy Sdn. Bhd.	AA	20,000,000	20,055,800	20,088,628	1.84
21.05.2024	RHB Islamic Bank Berhad	AA	50,000,000	50,139,000	50,297,086	4.61
04.06.2024	Jimah East Power Sdn. Bhd.	AA	5,000,000	5,042,300	5,063,030	0.46
05.07.2024	Kapar Energy Ventures Sdn. Bhd.	AA	5,000,000	5,034,500	5,051,566	0.46
16.08.2024	Tanjung Bin Power Sdn. Bhd.	AA	10,000,000	10,091,200	10,144,445	0.93
13.09.2024	Tanjung Bin Energy Sdn. Bhd.	AA	10,000,000	10,049,500	10,012,339	0.92
31.10.2024	Public Islamic Bank Berhad	AA	10,000,000	9,998,100	10,058,628	0.92

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

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

Details of Shariah-compliant investments as at 30 September 2023 are as follows: (cont'd.)

<b>Maturity date</b>	<b>Issuer</b>	<b>Credit rating</b>	<b>Nominal value RM</b>	<b>Fair value RM</b>	<b>Adjusted cost RM</b>	<b>Fair value as a percentage of NAV %</b>
<b>Financial assets at FVOCI (cont'd.)</b>						
<b>Corporate sukuk (cont'd.)</b>						
29.11.2024	ANIH Berhad	AA	10,000,000	10,161,800	10,215,288	0.93
13.12.2024	Malaysia Airports Holdings Berhad	AA	5,000,000	5,070,500	5,048,046	0.47
14.03.2025	Tanjung Bin Energy Sdn. Bhd.	AA	10,000,000	10,068,600	9,997,226	0.93
23.05.2025	Tanjung Bin Energy Sdn. Bhd.	AA	25,000,000	25,106,000	25,018,077	2.31
04.09.2025	Exsim Capital Resources Berhad	AA	15,000,000	14,946,300	15,030,635	1.37
15.09.2025	Tanjung Bin Energy Sdn. Bhd.	AA	15,000,000	15,137,400	15,263,225	1.39
19.09.2025	UEM Sunrise Berhad	AA	5,000,000	5,041,700	5,008,035	0.46
04.12.2025	Jimah East Power Sdn. Bhd.	AA	10,000,000	10,237,400	10,241,248	0.94
12.12.2025	UEM Sunrise Berhad	AA	35,000,000	35,647,500	35,000,000	3.28
30.01.2026	TNB Western Energy Berhad	AAA	35,000,000	35,715,050	36,244,915	3.28
09.03.2026	Selangor State Development Corporation	AA	15,000,000	15,078,900	15,079,132	1.39

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

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

Details of Shariah-compliant investments as at 30 September 2023 are as follows: (cont'd.)

<b>Maturity date</b>	<b>Issuer</b>	<b>Credit rating</b>	<b>Nominal value RM</b>	<b>Fair value RM</b>	<b>Adjusted cost RM</b>	<b>Fair value as a percentage of NAV %</b>
<b>Financial assets at FVOCI (cont'd.)</b>						
<b>Corporate sukuk (cont'd.)</b>						
16.03.2026	Tanjung Bin Energy Sdn. Bhd.	AA	15,000,000	15,173,850	15,326,725	1.39
19.03.2026	IJM Land Berhad	A	5,000,000	5,094,650	5,092,538	0.47
22.05.2026	Tanjung Bin Energy Sdn. Bhd.	AA	25,000,000	25,208,000	25,028,935	2.32
04.06.2026	Jimah East Power Sdn. Bhd.	AA	20,000,000	20,595,000	20,741,833	1.89
30.07.2026	TNB Western Energy Berhad	AAA	45,000,000	46,056,150	46,885,652	4.23
28.08.2026	MTT Shipping Sdn. Bhd.	AA	20,000,000	20,120,800	20,000,000	1.85
15.09.2026	Tanjung Bin Energy Sdn. Bhd.	AA	5,000,000	5,070,250	5,194,396	0.47
04.12.2026	Jimah East Power Sdn. Bhd.	AA	10,000,000	10,353,000	10,322,048	0.95
08.03.2027	AmBank Islamic Berhad*	A	30,000,000	29,914,200	30,000,000	2.75
19.03.2027	IJM Land Berhad	A	5,000,000	5,103,550	5,102,385	0.47
30.06.2027	PONSB Capital Berhad	AA	10,000,000	10,289,200	10,000,000	0.94
15.09.2027	Tanjung Bin Energy Sdn. Bhd.	AA	25,000,000	25,469,250	25,083,742	2.34



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

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

Details of Shariah-compliant investments as at 30 September 2023 are as follows: (cont'd.)

<b>Maturity date</b>	<b>Issuer</b>	<b>Credit rating</b>	<b>Nominal value RM</b>	<b>Fair value RM</b>	<b>Adjusted cost RM</b>	<b>Fair value as a percentage of NAV %</b>
<b>Financial assets at FVOCI (cont'd.)</b>						
<b>Corporate sukuk (cont'd.)</b>						
29.10.2027	Eco World Capital Berhad	AA	5,000,000	5,233,550	5,000,000	0.48
<b>Total corporate sukuk</b>			<u>555,000,000</u>	<u>561,307,400</u>	<u>561,672,378</u>	<u>51.58</u>
<b>Total financial assets at FVOCI</b>			<u>555,000,000</u>	<u>561,307,400</u>	<u>561,672,378</u>	<u>51.58</u>
<b>Total Shariah-compliant investments</b>			<u>690,000,000</u>	<u>695,050,200</u>	<u>696,413,086</u>	<u>63.87</u>
<b>Shortfall of fair value over adjusted cost</b>				<u>(1,362,886)</u>		

\* A financial institution related to the Manager.

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

	<b>Effective yield</b>	
	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>
Commercial papers	-	3.41
Corporate sukuk - FVTPL	5.08	4.27
Corporate sukuk - FVOCI	<u>4.52</u>	<u>4.33</u>

Analysis of the remaining maturity of unquoted Shariah-compliant investments as at 30 September 2023 and 30 September 2022 are as follows:

	<b>Less than 1 year RM</b>	<b>1 year to 5 years RM</b>
<b>2023</b>		
At nominal value:		
Corporate sukuk - FVTPL	5,000,000	130,000,000
Corporate sukuk - FVOCI	<u>145,000,000</u>	<u>410,000,000</u>
<b>2022</b>		
At nominal value:		
Commercial papers	15,000,000	-
Corporate sukuk - FVTPL	42,600,000	95,300,000
Corporate sukuk - FVOCI	<u>330,600,000</u>	<u>680,000,000</u>

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

**5. SHARIAH-COMPLIANT DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS**

	<b>2023 RM</b>
At nominal value:	
Fixed deposits	20,000,000
Short-term deposits	185,000,000
	<u>205,000,000</u>
At carrying value:	
Fixed deposits	20,150,000
Short-term deposits	185,060,329
	<u>205,210,329</u>

Details of Shariah-compliant deposits with licensed financial institutions for the current financial year are as follows:

<b>Maturity date</b>	<b>Financial institutions</b>	<b>Nominal value RM</b>	<b>Carrying value RM</b>	<b>Carrying value as a percentage of NAV %</b>
<b>2023</b>				
<b>Fixed deposits</b>				
18.10.2023	Kuwait Finance House (Malaysia) Berhad	20,000,000	20,150,000	1.85
<b>Short-term deposits</b>				
02.10.2023	CIMB Islamic Bank Berhad	135,000,000	135,022,192	12.41
02.10.2023	Public Islamic Bank Berhad	10,000,000	10,001,644	0.92
23.10.2023	CIMB Islamic Bank Berhad	40,000,000	40,036,493	3.68
		<u>185,000,000</u>	<u>185,060,329</u>	<u>17.01</u>

The weighted average effective profit rate and weighted average remaining maturities deposits are as follows:

	<b>Weighted average effective profit rate 2023 %</b>	<b>Weighted average remaining maturities 2023 Days</b>
Fixed deposits	3.65	18
Short-term deposits	3.15	13

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

**6. AMOUNT DUE TO MANAGER**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Due to Manager</b>		
Manager's fee payable	657,509	1,075,032

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.

**7. AMOUNT DUE TO TRUSTEE**

Trustee's fee is at a rate of 0.07% (2022: 0.07%) 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 Trustee's fee payable is one month.

**8. NET LOSSES FROM SHARIAH-COMPLIANT INVESTMENTS**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Net gain/(loss) on financial assets at FVTPL comprised:		
– Net realised losses on changes in fair value of Shariah-compliant investments	(227,236)	(10,985)
– Net unrealised gain/(loss) on changes in fair value of Shariah-compliant investments	343,486	(1,337,756)
	<u>116,250</u>	<u>(1,348,741)</u>
Net losses on financial assets at FVOCI comprised:		
– Allowance for expected credit losses	512,470	(404,250)
– Net realised losses on sale of Shariah-compliant investments	(2,566,360)	(202,541)
	<u>(2,053,890)</u>	<u>(606,791)</u>

**9. TOTAL EQUITY**

Total equity is represented by:

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>RM</b>	<b>RM</b>
Unit holders' capital	(a)	1,088,254,272	1,453,311,774
Accumulated losses			
– Realised losses	(b)	(467,906)	(963,588)
– Unrealised losses	(c)	(997,907)	(1,341,393)
Fair value reserve/(deficit)	(d)	92,674	(10,394,848)
Capital reserve	10	1,329,038	3,543,271
		<u>1,088,210,171</u>	<u>1,444,155,216</u>

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

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

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

	2023		2022	
	Number of units	RM	Number of units	RM
At beginning of the financial year	1,453,311,774	1,453,311,774	419,996,704	419,996,704
Creation during the financial year	1,547,830,341	1,547,830,341	2,635,833,128	2,635,832,183
Reinvestment of distributions	34,012,400	34,012,400	31,518,253	31,518,253
Cancellation during the financial year	(1,946,900,243)	(1,946,900,243)	(1,634,036,311)	(1,634,036,311)
Transfer from capital reserve	-	-	-	945
At end of the financial year	<u>1,088,254,272</u>	<u>1,088,254,272</u>	<u>1,453,311,774</u>	<u>1,453,311,774</u>

**(b) Realised**

	2023 RM	2022 RM
At beginning of the financial year	(963,588)	(559,338)
Transfer from/(to) capital reserve (Note 10)	2,214,233	(574,699)
Net realised income for the financial year	32,811,602	34,721,538
Distributions out of realised income (Note 14)	(34,530,153)	(34,551,089)
At end of the financial year	<u>(467,906)</u>	<u>(963,588)</u>

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

	2023 RM	2022 RM
At beginning of the financial year	(1,341,393)	(3,637)
Net unrealised gain/(loss) for the financial year	343,486	(1,337,756)
At end of the financial year	<u>(997,907)</u>	<u>(1,341,393)</u>

**(d) Fair value reserve/(deficit)**

	2023 RM	2022 RM
At beginning of the financial year	(10,394,848)	738,060
Fair value revaluation gain/(loss)	8,433,632	(11,739,699)
Allowance for expected credit losses	(512,470)	404,250
Reclassification to profit or loss on sale of Shariah-compliant investments	2,566,360	202,541
At end of the financial year	<u>92,674</u>	<u>(10,394,848)</u>

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

**10. CAPITAL RESERVE**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
At beginning of the financial year	3,543,271	2,969,517
Transfer (to)/from realised income [Note 9(b)]	(2,214,233)	574,699
Transfer to unit holders' capital	-	(945)
At end of the financial year	<u>1,329,038</u>	<u>3,543,271</u>

**11. NAV ATTRIBUTABLE TO UNIT HOLDERS**

**(a) NAV of the Fund based on MFRS 9 *Financial instruments* ("MFRS 9")**

In accordance with the requirement of MFRS 9, unquoted Shariah-compliant investments have been valued at the indicative prices at the close of business. However, the valuation, creation and cancellation of units will be based on RM1.0000 per unit as stated in the trust deed. As at 30 September 2023, the NAV per unit based on MFRS 9 is RM1.0000 (2022: RM0.9937) as disclosed in the Statement of Financial Position.

**(b) Additional disclosure: NAV of the Fund based on Fund Prospectus**

Based on the Fund Prospectus, the investments of the unlisted fixed income securities of the Fund are valued at cost of investments plus the amortisation of premium or less the accretion of discount (amortised costs), due to exemptions and variations from the Securities Commission Malaysia's Guidelines. As at 30 September 2023, the NAV per unit based on amortised costs is RM1.0012 (2022: RM1.0024).

**12. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES**

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

<u>Related parties</u>	<u>Relationships</u>
AmFunds Management Berhad	The Manager
AmInvestment Bank Berhad	Holding company of the Manager
AMMB Holdings Berhad ("AMMB")	Ultimate holding company of the Manager
Subsidiaries and associates of AMMB as disclosed in its financial statements	Subsidiaries and associate companies of the ultimate holding company of the Manager

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

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>(i) Significant related party transactions</b>		
<u>AmBank Islamic Berhad</u>		
Profit income	<u>5,518,692</u>	<u>6,446,900</u>

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

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

Other than those disclosed elsewhere in the financial statements, the significant related party transactions and balances as at the reporting date are as follows: (cont'd.)

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>(ii) Significant related party balances</b>		
<u>AmBank Islamic Berhad</u>		
Cash at banks	184,474,707	268,655,449

**13. 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	33,155,088	33,383,782
Taxation at Malaysian statutory rate of 24% (2022: 24%)	7,957,221	8,012,108
Tax effects of:		
Income not subject to taxation	(10,919,134)	(11,547,981)
Losses not allowed for tax deduction	670,463	469,329
Restriction on tax deductible expenses for unit trust fund	1,882,860	2,516,699
Non-permitted expenses for tax purposes	199,383	270,213
Permitted expenses not used and not available for future financial years	209,207	279,632
Tax expense for the financial year	-	-

**14. DISTRIBUTIONS**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
On redemption of units	657,546	240,036
Income entitlement distributed on:		
31 October 2022/2021	3,456,700	1,215,148
30 November 2022/2021	3,723,006	2,104,570
31 December 2022/2021	3,292,139	2,546,025
31 January 2023/2022	3,006,700	3,053,070
28 February 2023/2022	2,729,422	2,905,943
31 March 2023/2022	3,204,130	3,309,564
30 April 2023/2022	2,136,014	3,033,286
31 May 2023/2022	2,521,563	3,198,410
30 June 2023/2022	2,392,036	3,377,565
31 July 2023/2022	2,420,051	3,336,871

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

**14. DISTRIBUTIONS (CONT'D.)**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Income entitlement distributed on: (cont'd.)		
31 August 2023/2022	2,479,652	3,093,518
30 September 2023/2022	2,511,194	3,137,083
	<u>34,530,153</u>	<u>34,551,089</u>

Distributions to unit holders 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	44,077,860	47,328,361
Less: Expenses	(9,547,707)	(12,777,272)
Total amount of distributions	<u>34,530,153</u>	<u>34,551,089</u>

Distributions made out of:

– Realised income [Note 9(b)]	<u>34,530,153</u>	<u>34,551,089</u>
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Comprising :

Reinvestment of distributions	30,909,568	30,821,927
Distribution payables	2,511,194	3,137,083
Cash distributions	1,109,391	592,079
	<u>34,530,153</u>	<u>34,551,089</u>

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

**Financial year ended 30 September 2023**

<b>Distributions Ex-date</b>	<b>Gross distributions per unit RM (sen)</b>	<b>Net distributions per unit RM (sen)</b>	<b>Total distributions RM</b>
31 October 2022	0.21	0.21	3,465,330
30 November 2022	0.24	0.24	3,727,549
31 December 2022	0.29	0.29	3,400,387
31 January 2023	0.26	0.26	3,006,866
28 February 2023	0.23	0.23	2,730,080
31 March 2023	0.30	0.30	3,225,153
30 April 2023	0.30	0.30	2,571,522
31 May 2023	0.28	0.28	2,522,493
30 June 2023	0.27	0.27	2,405,912
31 July 2023	0.28	0.28	2,423,090
31 August 2023	0.26	0.26	2,507,712
30 September 2023	0.23	0.23	2,544,059
	<u>3.15</u>	<u>3.15</u>	<u>34,530,153</u>

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

**14. DISTRIBUTIONS (CONT'D.)**

Details of distributions to unit holders for the current and previous financial years are as follows:  
(cont'd.)

**Financial year ended 30 September 2022**

<b>Distributions Ex-date</b>	<b>Gross distributions per unit RM (sen)</b>	<b>Net distributions per unit RM (sen)</b>	<b>Total distributions RM</b>
31 October 2021	0.14	0.14	1,247,859
30 November 2021	0.13	0.13	2,130,519
31 December 2021	0.15	0.15	2,573,577
31 January 2022	0.16	0.16	3,058,688
28 February 2022	0.16	0.16	2,911,449
31 March 2022	0.18	0.18	3,310,729
30 April 2022	0.18	0.18	3,087,947
31 May 2022	0.18	0.18	3,202,451
30 June 2022	0.19	0.19	3,413,467
31 July 2022	0.26	0.26	3,337,274
31 August 2022	0.21	0.21	3,093,826
30 September 2022	0.22	0.22	3,183,303
	<u>2.16</u>	<u>2.16</u>	<u>34,551,089</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.

The gross and net distributions of the Fund are of the similar amount as the Fund is not subject to tax. The above distributions have no implication on unit prices as the NAV per unit of the Fund was maintained at RM1.0000 throughout the financial year.

**15. TOTAL EXPENSE RATIO ("TER")**

The Fund's TER is as follows:

	<b>2023 % p.a.</b>	<b>2022 % p.a.</b>
Manager's fee	0.75	0.73
Trustee's fee	0.07	0.07
Fund's other expenses	-*	-*
Total TER	<u>0.82</u>	<u>0.80</u>

\* represents less than 0.01%

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



**NOTES TO THE FINANCIAL STATEMENTS  
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**16. 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 0.39 times (2022: 0.49 times).

**17. 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.

**18. TRANSACTIONS WITH BROKERS**

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

<b>Brokers</b>	<b>Transaction value</b>	
	<b>RM</b>	<b>%</b>
RHB Investment Bank Berhad	374,374,151	56.12
CIMB Bank Berhad	135,919,212	20.37
Affin Hwang Investment Bank Berhad	60,988,782	9.14
Hong Leong Bank Berhad	35,391,438	5.30
AmBank (M) Berhad*	35,000,000	5.25
Hong Leong Investment Bank Berhad	10,445,748	1.57
United Overseas Bank (Malaysia) Bhd.	10,029,753	1.50
Malayan Banking Berhad	5,000,000	0.75
<b>Total</b>	<b>667,149,084</b>	<b>100.00</b>

\* A financial institution related to the Manager.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
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**19. 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.

	<b>Financial assets at FVTPL RM</b>	<b>Financial assets at FVOCI RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>2023</b>					
<b>Assets</b>					
Shariah-compliant investments	133,742,800	561,307,400	-	-	695,050,200
Profit receivables	799,353	5,915,036	-	-	6,714,389
Shariah-compliant deposits with licensed financial institutions	-	-	205,210,329	-	205,210,329
Cash at banks	-	-	184,474,707	-	184,474,707
<b>Total financial assets</b>	<b>134,542,153</b>	<b>567,222,436</b>	<b>389,685,036</b>	<b>-</b>	<b>1,091,449,625</b>
<b>Liabilities</b>					
Amount due to Manager	-	-	-	657,509	657,509
Amount due to Trustee	-	-	-	55,867	55,867
Distribution payables	-	-	-	2,511,194	2,511,194
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,224,570</b>	<b>3,224,570</b>

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

**19. FINANCIAL INSTRUMENTS (CONT'D.)**

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

	Financial assets at FVTPL RM	Financial assets at FVOCI RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>2022</b>					
<b>Assets</b>					
Shariah-compliant investments	137,020,078	1,030,161,579	-	-	1,167,181,657
Profit receivables	869,674	11,765,190	-	-	12,634,864
Cash at banks	-	-	268,655,449	-	268,655,449
<b>Total financial assets</b>	<b>137,889,752</b>	<b>1,041,926,769</b>	<b>268,655,449</b>	<b>-</b>	<b>1,448,471,970</b>
<b>Liabilities</b>					
Amount due to Manager	-	-	-	1,075,032	1,075,032
Amount due to Trustee	-	-	-	86,661	86,661
Distribution payables	-	-	-	3,137,083	3,137,083
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,298,776</b>	<b>4,298,776</b>
<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	116,250 (1,348,741)				
– at FVOCI	(2,053,890) (606,791)				
Income, of which derived from:					
– Profit income from financial assets at FVTPL	6,186,486 4,492,843				
– Profit income from financial assets at FVOCI	30,333,606 32,818,925				
– Profit income from financial assets at amortised cost	8,120,343 10,804,818				

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

**19. 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:

	<b>Level 1 RM</b>	<b>Level 2 RM</b>	<b>Level 3 RM</b>	<b>Total RM</b>
<b>2023</b>				
Financial assets at FVTPL	-	133,742,800	-	133,742,800
Financial assets at FVOCI	-	561,307,400	-	561,307,400
	<u>-</u>	<u>695,050,200</u>	<u>-</u>	<u>695,050,200</u>
<b>2022</b>				
Financial assets at FVTPL	-	137,020,078	-	137,020,078
Financial assets at FVOCI	-	1,030,161,579	-	1,030,161,579
	<u>-</u>	<u>1,167,181,657</u>	<u>-</u>	<u>1,167,181,657</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:

- Profit receivables
- Shariah-compliant deposits with licensed financial institutions
- Cash at banks
- Amount due to Manager
- Amount due to Trustee
- Distribution payables

There are no financial instruments which are not carried at fair value and whose carrying amounts are not reasonable approximation of their respective fair value.

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

**20. 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 investment restrictions as stipulated by the Capital Market and Services Act 2007, SC's Guidelines on Unit Trust Funds, SC's Guidelines on Islamic Capital Market 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	(12,594,922)	(18,839,890)
-100 bps	12,990,229	19,469,879

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

**20. 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 can invest up to 100% of the NAV in Shariah-compliant fixed income instruments. As such the Fund would be exposed to the risk of sukuk issuers and licensed financial institutions defaulting on its 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 30 September 2023 and 30 September 2022:

<b>Credit rating</b>	<b>RM</b>	<b>As a % of debt securities</b>	<b>As a % of NAV</b>
<b>2023</b>			
AAA	81,771,200	11.76	7.51
AA	449,603,250	64.69	41.31
A	163,675,750	23.55	15.05
	<u>695,050,200</u>	<u>100.00</u>	<u>63.87</u>
<b>2022</b>			
AAA	152,214,300	13.04	10.54
AA	960,682,606	82.31	66.52
A	39,358,700	3.37	2.73
P1	14,926,051	1.28	1.03
	<u>1,167,181,657</u>	<u>100.00</u>	<u>80.82</u>

For Shariah-compliant deposits with licensed financial institutions, the Fund only makes placements with licensed financial institutions with sound rating. The following table presents the Fund's portfolio of deposit by rating category as at 30 September 2023 and 30 September 2022:

<b>Credit rating</b>	<b>RM</b>	<b>As a % of deposits</b>	<b>As a % of NAV</b>
<b>2023</b>			
P1/MARC-1	<u>205,210,329</u>	<u>100.00</u>	<u>18.86</u>

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

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

**20. 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 Islamic debt securities by sectorial distribution as at 30 September 2023 and 30 September 2022:

Sector	RM	As a % of debt securities	As a % of NAV
<b>2023</b>			
Consumer discretionary	10,289,200	1.48	0.95
Energy and utilities	294,463,250	42.36	27.06
Financial services	135,206,000	19.45	12.42
Industrials	113,539,800	16.34	10.43
Real estate	106,198,850	15.28	9.76
Transportation and storage	35,353,100	5.09	3.25
	<u>695,050,200</u>	<u>100.00</u>	<u>63.87</u>
<b>2022</b>			
Construction and engineering	29,833,500	2.56	2.07
Diversified holdings	15,007,650	1.28	1.04
Financial services	114,832,692	9.84	7.95
Industrials	84,355,056	7.23	5.84
Infrastructures and utilities	384,707,300	32.96	26.64
Plantation and agriculture	4,912,450	0.42	0.34
Real estate	508,756,759	43.59	35.23
Trading and services	24,776,250	2.12	1.71
	<u>1,167,181,657</u>	<u>100.00</u>	<u>80.82</u>

**(c) Liquidity risk**

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise of deposits with licensed financial institution and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

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

**20. 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:

	<b>Contractual cash flows (undiscounted)</b>				
	<b>0 – 1 year RM</b>	<b>1 – 2 years RM</b>	<b>2 – 3 years RM</b>	<b>3 – 4 years RM</b>	<b>4 – 5 years RM</b>
<b>2023</b>					
<b>Financial assets</b>					
Shariah-compliant investments	182,652,736	219,600,359	259,720,745	99,034,710	5,141,860
Shariah-compliant deposits with licensed financial institutions	205,345,452	-	-	-	-
Cash at banks	184,474,707	-	-	-	-
<b>Total assets</b>	<b>572,472,895</b>	<b>219,600,359</b>	<b>259,720,745</b>	<b>99,034,710</b>	<b>5,141,860</b>
<b>Financial liabilities</b>					
Amount due to Manager	657,509	-	-	-	-
Amount due to Trustee	55,867	-	-	-	-
Distribution payables	48,398	-	-	-	-
Sundry payables and accruals	14,884	-	-	-	-
<b>Total liabilities</b>	<b>776,658</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



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

**20. 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.)

	<b>Contractual cash flows (undiscounted)</b>				
	<b>0 – 1 year RM</b>	<b>1 – 2 years RM</b>	<b>2 – 3 years RM</b>	<b>3 – 4 years RM</b>	<b>4 – 5 years RM</b>
<b>2022</b>					
<b>Financial assets</b>					
Shariah-compliant investments	436,753,451	392,681,121	208,001,456	165,553,197	72,550,570
Cash at banks	268,655,449	-	-	-	-
<b>Total assets</b>	<b>705,408,900</b>	<b>392,681,121</b>	<b>208,001,456</b>	<b>165,553,197</b>	<b>72,550,570</b>
<b>Financial liabilities</b>					
Amount due to Manager	1,075,032	-	-	-	-
Amount due to Trustee	86,661	-	-	-	-
Distribution payables	34,252	-	-	-	-
Sundry payables and accruals	17,978	-	-	-	-
<b>Total liabilities</b>	<b>1,213,923</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**20. 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 the respective internal policies, the Deed and its Supplemental Deed, securities laws or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the Fund.

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

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

**(i) Unstable NAV risk**

Unstable NAV risk means that the actual NAV per unit of the Fund may fluctuate with the market and may not be maintained at or above its initial price (RM1.0000) at all times. This is the risk especially applicable to money market and short-to-medium-term fixed income funds that are priced at RM1.0000.

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

**21. 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 30 September 2023 and 30 September 2022.

## **AmAl-Amin**

### **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 AmAl-Amin (“the Fund”) as at 30 September 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

20 November 2023

## **TRUSTEE'S REPORT**

To the unit holders of **AMAL-AMIN** ("Fund"),

We have acted as Trustee of the Fund for the financial year ended 30 September 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 **AMANAHRAYA TRUSTEES BERHAD**

**ZAINUDIN BIN SUHAIMI**

Chief Executive Officer

Date: 14 November 2023

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

To the unit holders of AmAl-Amin ("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: 20 November 2023

## MANAGER’S REPORT

Dear Unitholders,

We are pleased to present you the Manager’s report and the audited accounts of Amlslamic Balanced (“Fund”) for the financial year ended 30 September 2023.

### Salient Information of the Fund

<b>Name</b>	Amlslamic Balanced (“Fund”)
<b>Category/ Type</b>	Balanced (Islamic) / Growth
<b>Objective</b>	<p>Amlslamic Balanced aims to grow the value of investments in the longer term with lower volatility through asset diversification, which conforms to principles of Shariah.</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 10 September 2004 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>	<ul style="list-style-type: none"> <li>• 50% FTSE Bursa Malaysia Emas Shariah Index (“FBM SI”)</li> <li>• 50% Quantshop Medium GII Index (“MGII”) (Available at <a href="http://www.aminvest.com">www.aminvest.com</a>)</li> </ul> <p><i>Note: The composite benchmark index is a reflection of the Fund’s average asset allocation over the medium to long-term. For the equities portion of the Fund the performance benchmark will be FTSE Bursa Malaysia EMAS Shariah Index and for the fixed income investment portion, it will be the Quantshop Medium GII Index. The benchmark is for performance comparison only. The risk profile of the performance benchmark is not the same as the risk profile of the Fund.</i></p> <p><i>Source: FTSE International Limited (“FTSE”) © FTSE 2023. “FTSE®” is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. “BURSA MALAYSIA” is a trade mark of Bursa Malaysia Berhad (“BURSA MALAYSIA”). All intellectual property rights in the index values and constituent list vests in FTSE and BURSA MALAYSIA. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE’s express written consent.</i></p>
<b>Income Distribution Policy</b>	Income distribution (if any) is incidental.

## Fund Performance Data

Portfolio Composition	As at 30 September		
	2023 %	2022 %	2021 %
Consumer discretionary	4.36	2.36	3.30
Consumer staples	6.46	4.70	2.15
Energy	0.49	0.84	1.07
Financials	1.89	1.33	2.16
Health care	1.79	-	1.42
Industrials	8.47	8.67	11.48
Information technology	8.70	9.24	15.08
Materials	2.83	3.19	4.35
Real estate/REITs	8.86	7.42	5.13
Telecommunication services	1.94	-	-
Utilities	2.96	3.81	4.11
Corporate sukuk	20.45	25.29	22.63
Local collective investment scheme	21.25	19.46	11.01
Money market deposits and cash equivalents	9.55	13.69	16.11
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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

Performance Details	FYE		
	2023	2022	2021
Net asset value (RM)	9,616,656	9,186,296	10,732,643
Units in circulation	17,782,991	18,225,741	18,989,044
Net asset value per unit (RM)	0.5408	0.5040	0.5652
Highest net asset value per unit (RM)	0.5419	0.5712	0.5865
Lowest net asset value per unit (RM)	0.4975	0.4986	0.5394
Benchmark performance (%)	7.29	-10.14	-2.01
Total return (%) <sup>(1)</sup>	7.30	-10.83	0.07
- Capital growth (%)	7.30	-10.83	0.07
Total expense ratio (%) <sup>(2)</sup>	1.61	1.65	1.71
Portfolio turnover ratio (times) <sup>(3)</sup>	0.27	0.40	1.24

*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 decreased by 0.04% as compared to 1.65% per annum for the financial year ended 30 September 2022 mainly due to decrease in expenses.

(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 decrease in the PTR for 2023 and 2022 were due mainly to investing activities.



**Average Total Return (as at 30 September 2023)**

	<b>Amlslamic Balanced<sup>(a)</sup></b> %	<b>50% FBM SI/ 50% MGII<sup>(b)</sup></b> %
One year	7.30	7.29
Three years	-1.44	-1.88
Five years	3.88	0.55
Ten years	3.91	1.45

**Annual Total Return**

<b>Financial Years Ended (30 September)</b>	<b>Amlslamic Balanced<sup>(a)</sup></b> %	<b>50% FBM SI/ 50% MGII<sup>(b)</sup></b> %
2023	7.30	7.29
2022	-10.83	-10.14
2021	0.07	-2.01
2020	21.80	9.12
2019	3.74	-0.29

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

(b) 50% FTSE Bursa Malaysia Emas Shariah Index ("FBM SI") and 50% Quantshop Medium GII Index ("MGII") (Available at [www.aminvest.com](http://www.aminvest.com))

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.**

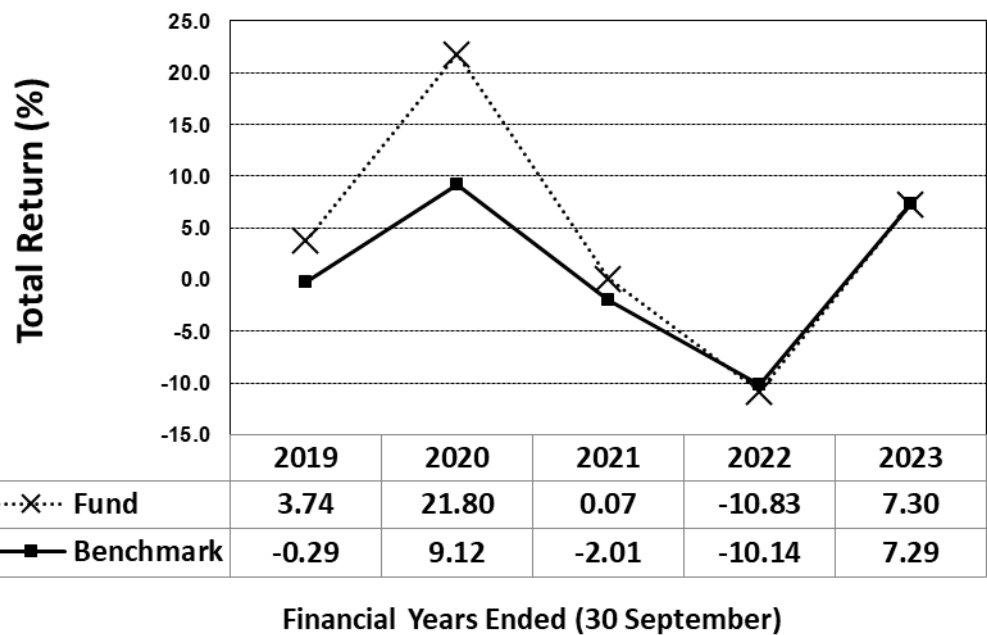
**Fund Performance**

For the financial year under review, the Fund registered a return of 7.30% which is entirely capital growth in nature.

Thus, the Fund's return of 7.30% has outperformed the benchmark's return of 7.29% by 0.01%.

As compared with the financial year ended 30 September 2022, the net asset value ("NAV") per unit of the Fund increased by 7.30% from RM0.5040 to RM0.5408, while units in circulation decreased by 2.43% from 18,225,741 units to 17,782,991 units.

The following line chart shows comparison between the annual performances of Amlslamic Balanced and its benchmark, FBM SI and MGII, for the financial years ended 30 September.



**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**

For the financial year under review, the Fund invested in Shariah-compliant equities and sukuk ranging between 40% and 60% for either asset class. In managing the Fund, AmIslamic Funds Management Sdn Bhd (the “Investment Manager”) opted to invest in the investments either directly or via unit trust funds.

**Islamic Equity**

The Fund invested up to a maximum 60% of its net asset value (the “NAV”) in Shariah-compliant equities. Value-add from equities investments are derived from active stock selection with focus on undervalued Shariah-compliant stock relative to its earnings growth potential and/or its intrinsic value.

**Sukuk and Islamic Money Market Instruments**

The Fund invested up to a maximum 60% of its NAV in sukuk and Islamic money market instruments either directly or via collective investment schemes (“CIS”) of AmFunds Management Berhad (“AFM”). In buying and selling Sukuk and Islamic money market instruments, the Investment Manager used active tactical duration management, yield curve positioning and credit spread arbitraging. This approach also involved an analysis of general economic and market conditions. It also involved the use of models that analyses and compare expected returns and assumed risk. Under this approach, the Investment Manager focused on Shariah-compliant instruments that would deliver favorable return in light of the risk. The Investment Manager also considered Shariah-compliant investments with a more favorable or improving credit or industry outlook that provide the potential for capital appreciation.

<b>Portfolio Structure</b>	The table below is the asset allocation of the Fund as at 30 September 2023 and 30 September 2022.			
		<b>As at 30.09.2023 %</b>	<b>As at 30.09.2022 %</b>	<b>Changes %</b>
	Consumer discretionary	4.36	2.36	2.00
	Consumer staples	6.46	4.70	1.76
	Energy	0.49	0.84	-0.35
	Financials	1.89	1.33	0.56
	Health care	1.79	-	1.79
	Industrials	8.47	8.67	-0.20
	Information technology	8.70	9.24	-0.54
	Materials	2.83	3.19	-0.36
	Real estate/ REITs	8.86	7.42	1.44
	Telecommunication services	1.94	-	1.94
	Utilities	2.96	3.81	-0.85
	Corporate sukuk	20.45	25.29	-4.84
	Local collective investment scheme	21.25	19.46	1.79
Money market deposits and cash equivalents	9.55	13.69	-4.14	
<b>Total</b>	<b>100.00</b>	<b>100.00</b>		
	<p>At the end of financial year under review, the Fund's equity, corporate sukuk and local collective investment scheme exposure was increased to 90.45% from 86.31%. The Fund increased exposure in equity to 48.75% from 41.56%. Exposure in local collective investment scheme was also raised by 1.79% while corporate sukuk saw a decline in exposure by 4.84%.</p> <p>On equities, the Fund raised exposure in real estate/REITS, consumer staples, consumer discretionary by 1.44%, 1.76% and 2.00 % respectively. The Fund also initiated new position in telecommunication services and healthcare sectors.</p>			
<b>Securities Lending / Repurchase Transactions</b>	The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").			
<b>Cross Trade</b>	There were no cross trades undertaken during the financial year under review.			
<b>Distribution/ Unit splits</b>	There is no income distribution and unit split declared for the financial year under review.			
<b>State of Affairs</b>	There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial year under review.			
<b>Rebates and Soft Commission</b>	<p>During the year, the management company received soft commissions by virtue of transactions conducted for the Fund, in the form of research services, systems and services relating to performance measurement of portfolios and subscription fees for fund's benchmark indices. All of these assist in the investment decision making process which are of demonstrable benefit to unitholders of the Fund.</p> <p>The company has soft commission arrangement with a total of 12 brokers, who execute trades for the Fund and other funds or investments managed by the</p>			

	<p>company. The soft commission received would be in the form of research services, systems and services relating to performance measurement of portfolios and/or subscription fees for fund's benchmark indices. All of these assist in the investment decision making process which are of demonstrable benefit to unitholders of the Fund and other funds or investments managed by the company.</p> <p>Soft commissions received were for the benefit of the Fund and there was no churning of trades.</p>
<p><b>Market Review</b></p>	<p><b><u>Equity</u></b></p> <p>At the start of the year under review, market sentiment was weak following concerns over the rising geopolitical tensions between United States (US) and China after US introducing new measure to restrict sales of technology to China, triggering an industry sell off. However, Asian shares were boosted by China's relaxation of its zero-Covid policy, whilst the developed markets' gains could be attributed to the indications that the pace of policy tightening would slow amid the cooling inflation figure. Locally, Anwar Ibrahim had finally sworn in as Malaysia's 10<sup>th</sup> Prime Minister (PM) post 15<sup>th</sup> General Election. The market reacted positively to the appointment, as seen in the strong gain recorded in the final quarter of 2022, as investors deemed that political uncertainty in the country has finally subsided.</p> <p>Global equities started the year 2023 with gains, supported by receding recession worries in developed markets. The market turbulence that followed the collapse of Silicon Valley Bank (SVB) was short-lived as the market rebounded from sharp selloff in March to end 1QCY2023 higher. Meanwhile, Chinese shares recorded strong gains at the start of the year after Beijing loosened its Covid-19 restrictions, at the same time announcing supportive measures for property market as well as the loosening of the regulatory crackdown on China's technology companies. However, Malaysian market took a breather in 1QCY2023 despite 'major investments' announcement totaled MYR170b by the Prime Minister after his trip to Beijing.</p> <p>Developed markets continued their momentum in 2QCY2023 (notably the US), mainly buoyed by excitement over Artificial Intelligence (AI), which boosted technology stocks particularly chipmakers. The AI euphoria had also provided a push to AI-related stocks in Taiwan and South Korea. In May, the US Federal Reserve (Fed) raised interest rates by 25bps and adopted a "hawkish pause" during its June meeting. There were concerns over the US debt ceiling, but a legislation was later approved by Congress to suspend the debt ceiling starting 1<sup>st</sup> June. On the flipside, China equities erased some of the gained made at the start of the year as the anticipated economic rebound came in weaker-than-expected due to lackluster consumer spending and weak global demand. Domestically, Utilities sector was the star performer for the period thanks to the announcement made by the government on energy reforms. Construction sector had also gained some interests as a slate of infrastructure projects were announced ahead of the six state elections in 3QCY2023.</p> <p>After the strong 1HCY2023, global equities posted a negative return in the final quarter of period under review. Commodities were a notable performer with energy gaining amid oil production cuts by Saudi Arabia and Russia. US equities started 3QCY2023 with optimism, following a soft-landing expectation painted by the Federal Reserve. It was later dissipating as the prospect of a sustained period of higher rates sank in, following the revised Federal Reserve "dot plot". In Asia, most of markets ended the period in negative territory as concerns over Chinese economy and fear on slower global growth weakened investor sentiment. China</p>

and Hong Kong markets experienced sharp declines in August, dragged by weak performance of property companies. In Malaysia, new government policies, the National Energy Transition Roadmap (NETR) and 12<sup>th</sup> Malaysian Plans Mid-Term Review helped bolstering the market performance, as the two policies are tailored towards realizing aspirations of the Madani Economy initiatives.

For the period under review, despite the volatility, FBM Emas Shariah Index registered a positive return of 8.66%.

### **Sukuk**

During the last quarter of 2022, the United States (US) Federal Reserve delivered its fourth 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 US 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 Malaysian Government Securities (MGS) – United States Treasury (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. Meanwhile, 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 25 bps 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. Meanwhile during 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.

For the third quarter of 2023, local bond market endured a volatile session largely mirrored movement in the UST. On the beginning of July, MGS outperformed with yields declined across curve following lower than expected US June 2023

Consumer Price Index (CPI) while Bank Negara Malaysia (BNM) had kept the Overnight Policy Rate (OPR) unchanged at 3.00% level during July meeting. However, MGS weakened as time progressed amid 25bps rate hike by the US Federal Reserve on 26th July with no change in forward guidance language. Towards August, domestic yields took cues from United States (US) rates where the weaker than expected US employment and contracting manufacturing activity at the start of the month depicted a more dovish US Federal Reserve stance, which then reversed with better-than-expected employment; resilient Gross Domestic Product (GDP) growth numbers and the US Federal Reserve Chairman committing to an inflation fighting policy stance at end of the month. Last but not least, for the last month of third quarter 2023, Malaysian Government Securities (MGS) saw yields rose further across the curve in tandem with the sell-off in the UST with much of the movement was due to the more hawkish guidance from the US Federal Open Market Committee (FOMC) - despite a no-hike decision in September FOMC meeting - as they forecasted a “higher for longer” interest rate path with fewer rate cuts next year than previously indicated.

**Market Outlook**

**Equity**

The Federal Open Market Committee (FOMC) meeting in September was perceived to be a hawkish pause, as Gross Domestic Product (GDP) growth forecasts were upgraded; the dotplot indicated one more rate hike in 2023 and majority of the FOMC members expected the policy rate to remain above 5% next year. This relative hawkishness has sustained the strength of the United States Dollar (USD), translating to a reversal in money flows out of selected emerging markets recently.

On the local front, continued positive news flow from the Government in the form of National Energy Transition Roadmap (NETR) Phase 2 and the New Industrial Master Plan (NIMP) 2030 hint at policy direction for the near and medium term. The recently announced 12th Malaysian Plan (12MP) Mid-Term Review (MTR) is another key policy document tailored to realize the aspirations of the Madani Economy initiatives. The MTR has long-term positive implications for the evolution of Malaysia’s economy and dovetails closely with the longer term NIMP that will run through 2030.

We are mildly positive on Budget 2024, which is expansionary and pro-growth whilst lowering budget deficit to Gross Domestic Product (GDP) ratio. The government’s commitment to fiscal prudence over the medium term is also positive for the ringgit and the market. However, details are still lacking on some of the measures. Positioning in our portfolios would be skewed towards Budget beneficiaries like the domestic driven construction/building materials, renewables, technology and tourism sectors.

Investor sentiment is likely to be cautious whilst equity markets are likely to remain volatile on the back of the evolving macroeconomic and higher operational costs environment. We are of the view that the local market’s valuations are attractive, thus we will be looking to increase our equity exposure to capitalize on the weakness.

**Sukuk**

With the latest United States Federal Reserve and Bank Negara Malaysia (BNM) policy actions at their respective meetings, the bond market staged a rally after weeks of selling pressure. Moving into 2024, we maintain our base case view of no Overnight Policy Rate (OPR) hike until 1Q2024. The outlook would depend on

	<p>the inflation pick-up from potential subsidy adjustments, where there may be a possibility of one or two OPR hikes next year. With the Malaysian Federal Government looking to reduce Treasury bill issuance for the next 2-months, there could be higher issuances in 4Q2023 to drive Malaysian Government Securities (MGS) / Government Investment Issues (GII) curve moderately steeper. In such a scenario, we will generally underweight government bonds and focus more on corporate bonds. Trading opportunities would arise if government bond yields spike on supply concerns.</p> <p>The higher inflationary outlook from subsidy rationalization may weigh on bond market sentiment in the near term, affirming our current strategy to be defensive on duration. Nonetheless, we will gradually increase the duration of the portfolios if bond yields have adjusted to cheaper levels for us to re-enter the market.</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

20 November 2023

## **Independent auditors' report to the unit holders of Amlslamic Balanced**

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

#### *Opinion*

We have audited the financial statements of Amlslamic Balanced (“the Fund”), which comprise the statement of financial position as at 30 September 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 153 to 187.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 September 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 Balanced (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 Balanced (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 Balanced (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  
20 November 2023

**Amlslamic Balanced**

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

	Note	2023 RM	2022 RM
<b>ASSETS</b>			
Shariah-compliant investments	4	8,697,875	7,928,670
Amount due from brokers	5	-	64,530
Amount due from Manager	6(a)	-	33,204
Dividend/Distribution receivables		20,620	25,478
Shariah-compliant deposit with a licensed financial institution	7	540,089	810,055
Cash at banks		383,303	491,073
<b>TOTAL ASSETS</b>		<u>9,641,887</u>	<u>9,353,010</u>
<b>LIABILITIES</b>			
Amount due to brokers	5	-	62,689
Amount due to Manager	6(b)	11,042	86,652
Amount due to Trustee	8	473	476
Sundry payables and accruals		13,716	16,897
<b>TOTAL LIABILITIES</b>		<u>25,231</u>	<u>166,714</u>
<b>NET ASSET VALUE (“NAV”) OF THE FUND</b>		<u>9,616,656</u>	<u>9,186,296</u>
<b>EQUITY</b>			
Unit holders’ capital	10(a)	(1,308,975)	(1,085,709)
Retained earnings	10(b)(c)	10,925,631	10,272,005
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	10	<u>9,616,656</u>	<u>9,186,296</u>
<b>UNITS IN CIRCULATION</b>	10(a)	<u>17,782,991</u>	<u>18,225,741</u>
<b>NAV PER UNIT (RM)</b>		<u>0.5408</u>	<u>0.5040</u>

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

**Amlslamic Balanced**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023**

	Note	2023 RM	2022 RM
<b>SHARIAH-COMPLIANT INVESTMENT INCOME/(LOSS)</b>			
Dividend/Distribution income		221,266	191,798
Profit income		108,524	111,237
Net gain/(loss) from Shariah-compliant investments:			
- Financial assets at fair value through profit or loss ("FVTPL")	9	495,038	(1,207,048)
		<u>824,828</u>	<u>(904,013)</u>
<b>EXPENDITURE</b>			
Manager's fee	6	(119,283)	(129,257)
Trustee's fee	8	(5,573)	(5,809)
Audit fee		(6,000)	(6,000)
Tax agent's fee		(5,000)	(5,000)
Brokerage and other transaction fees		(20,359)	(32,836)
Other expenses		(14,066)	(14,074)
		<u>(170,281)</u>	<u>(192,976)</u>
<b>Net income/(loss) before taxation</b>		654,547	(1,096,989)
<b>Taxation</b>	12	(921)	(696)
<b>Net income/(loss) after taxation, representing total comprehensive income/(loss) for the financial year</b>		<u>653,626</u>	<u>(1,097,685)</u>
Total comprehensive income/(loss) comprises the following:			
Realised income		162,545	22,756
Unrealised gain/(loss)		491,081	(1,120,441)
		<u>653,626</u>	<u>(1,097,685)</u>

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

## Amlslamic Balanced

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

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 October 2022		(1,085,709)	10,272,005	9,186,296
Total comprehensive income for the financial year		-	653,626	653,626
Creation of units	10(a)	1,380,795	-	1,380,795
Cancellation of units	10(a)	(1,604,061)	-	(1,604,061)
Balance at 30 September 2023		<u>(1,308,975)</u>	<u>10,925,631</u>	<u>9,616,656</u>
At 1 October 2021		(637,047)	11,369,690	10,732,643
Total comprehensive loss for the financial year		-	(1,097,685)	(1,097,685)
Creation of units	10(a)	1,038,933	-	1,038,933
Cancellation of units	10(a)	(1,487,595)	-	(1,487,595)
Balance at 30 September 2022		<u>(1,085,709)</u>	<u>10,272,005</u>	<u>9,186,296</u>

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

## Amlslamic Balanced

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>			
Proceeds from sale of Shariah-compliant investments		2,420,085	3,700,033
Purchase of Shariah-compliant investments		(2,718,739)	(3,857,031)
Dividend/Distribution received		225,203	186,138
Profit received		134,853	134,540
Manager's fee paid		(119,846)	(131,864)
Trustee's fee paid		(5,576)	(5,872)
Tax agent's fee paid		(5,000)	(5,000)
Payments for other expenses		(43,607)	(50,363)
Net cash used in operating and investing activities		<u>(112,627)</u>	<u>(29,419)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		1,413,999	1,156,791
Payments for cancellation of units		(1,679,108)	(1,412,548)
Net cash used in financing activities		<u>(265,109)</u>	<u>(255,757)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(377,736)</b>	<b>(285,176)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b><u>1,301,128</u></b>	<b><u>1,586,304</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		<b><u>923,392</u></b>	<b><u>1,301,128</u></b>
Cash and cash equivalents comprise:			
Shariah-compliant deposit with a licensed financial institution	7	540,089	810,055
Cash at banks		383,303	491,073
		<u>923,392</u>	<u>1,301,128</u>

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

## Amlslamic Balanced

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 1. GENERAL INFORMATION

Amlslamic Balanced (“the Fund”) was established pursuant to a Deed dated 2 September 2004 as amended by Deeds supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, AmanahRaya Trustees Berhad as the Trustee and all unit holders.

The Fund was set up with the objective of providing investors with a means to pool and invest their Funds in a professionally managed portfolio of Shariah-compliant equities and other non-interest bearing securities. The Fund aims to grow the value of investment in the longer term with lower volatility through asset diversification, which conforms to Principles of Shariah. As provided in the Deed, the financial year shall end on 30 September and the units of the Fund were first offered for sale on 10 September 2004.

The financial statements were authorised for issue by the Manager on 20 November 2023.

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

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

##### Standards effective during the financial year

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

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



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

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

Standards issued but not yet effective

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

<b>Description</b>	<b>Effective for financial periods beginning on or after</b>
MFRS 17 Insurance Contracts and Amendments to MFRS 17*	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information</i> ( <i>Amendments to MFRS 17 Insurance Contracts</i> )*	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements:</i> <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements:</i> <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting policies, Changes in Accounting</i> <i>Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes: Deferred Tax related to</i> <i>Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Leases: Lease Liability in a Sale and</i> <i>Leaseback*</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements:</i> <i>Non-Current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 <i>Statement of Cash Flows and MFRS 7</i> <i>Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution</i> <i>of Assets between an Investor and its Associate or Joint Venture*</i>	Deferred

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Income recognition**

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

(i) Dividend/Distribution income

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

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

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

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

(ii) 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 profit used to discount the future cash flows for the purpose of measuring the impairment loss.

(iii) 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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 Distributions**

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 dividend/distribution income, 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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**

(i) Debt instruments

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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 deposits with licensed financial institutions, cash at banks, amount due from Manager, amount due from Target Fund Manager, amount due from brokers/financial institutions, dividend/distribution receivables and other receivables.

*Financial assets at FVOCI*

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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*

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". Dividends/Distributions revenue and profit earned elements of such instruments are recorded separately in "Dividend/Distribution income" and "Profit income", respectively.

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

The Fund subsequently measures its Shariah-compliant investments in equity investments and CIS at FVTPL. Dividends/Distributions earned whilst holding the Shariah-compliant investments are recognised in profit or loss when the right to the payment has been established. Gains and losses on the Shariah-compliant investments, realised and unrealised, are included in profit or loss.

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

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

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

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

**3.11 Derecognition of financial instruments**

(i) Derecognition of financial asset

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

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

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

(ii) Derecognition of financial liability

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

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

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

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

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

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

**3.13 Determination of fair value**

For Shariah-compliant investments in quoted equity securities and quoted CIS, fair value is determined based on the closing price quoted on Bursa Malaysia Berhad. For Shariah-compliant investments in unquoted CIS, fair value is determined based on the closing NAV per unit of the CIS. Purchased cost is the quoted price that the Fund paid when buying its Shariah-compliant investments. For Shariah-compliant investments in 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 purchased/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.

**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 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 Balanced

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 4. SHARIAH-COMPLIANT INVESTMENTS

	2023 RM	2022 RM
<b>Financial assets at FVTPL</b>		
Quoted Shariah-compliant equity securities	4,496,128	3,602,657
Quoted Shariah-compliant CIS	191,100	215,580
Unquoted Shariah-compliant CIS	2,043,820	1,787,420
Unquoted Shariah-compliant fixed income securities	1,966,827	2,323,013
	<u>8,697,875</u>	<u>7,928,670</u>

Details of Shariah-compliant investments as at 30 September 2023 are as follows:

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>Quoted Shariah-compliant equity securities</b>				
<b>Consumer discretionary</b>				
Berjaya Food Berhad	92,300	69,225	71,121	0.72
Bermaz Auto Berhad	60,600	150,894	82,416	1.57
DRB-HICOM Berhad	68,700	98,241	95,384	1.02
MBM Resources Berhad	27,300	100,737	90,684	1.05
	<u>248,900</u>	<u>419,097</u>	<u>339,605</u>	<u>4.36</u>
<b>Consumer staples</b>				
Aeon Co. (M) Bhd.	72,000	79,200	94,829	0.82
Fraser & Neave Holdings Bhd.	3,700	93,610	77,014	0.97
Kuala Lumpur Kepong Berhad	4,400	94,160	93,872	0.98
PPB Group Berhad	6,400	99,072	117,929	1.03
QL Resources Berhad	16,400	89,544	92,740	0.93
Sarawak Oil Palms Bhd.	17,800	45,746	48,208	0.48
TA Ann Holdings Berhad	35,500	119,635	113,025	1.25
	<u>156,200</u>	<u>620,967</u>	<u>637,617</u>	<u>6.46</u>
<b>Energy</b>				
PETRONAS Dagangan Berhad	2,100	46,998	45,996	0.49
<b>Financials</b>				
GHL Systems Berhad	64,900	52,244	66,352	0.55
Syarikat Takaful Malaysia Keluarga Berhad	37,100	129,108	156,513	1.34
	<u>102,000</u>	<u>181,352</u>	<u>222,865</u>	<u>1.89</u>

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

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

Details of Shariah-compliant investments as at 30 September 2023 are as follows: (cont'd.)

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>Quoted Shariah-compliant equity securities (cont'd.)</b>				
<b>Health care</b>				
Duopharma Biotech Berhad	68,900	82,680	103,675	0.86
Hartalega Holdings Berhad	23,700	47,163	47,127	0.49
Top Glove Corporation Bhd.	54,000	41,850	46,694	0.44
	146,600	171,693	197,496	1.79
<b>Industrials</b>				
CTOS Digital Berhad	90,200	126,280	144,800	1.31
Gamuda Berhad	21,800	96,574	78,827	1.00
IJM Corporation Berhad	68,200	126,852	100,254	1.32
Kerjaya Prospek Group Berhad	42,200	54,860	46,842	0.57
MISC Berhad	15,000	106,200	103,050	1.11
Sime Darby Berhad	55,200	121,992	121,309	1.27
Sunway Berhad	70,000	137,900	116,899	1.43
Westports Holdings Berhad	13,600	43,928	47,600	0.46
	376,200	814,586	759,581	8.47
<b>Information technology</b>				
D&O Green Technologies Berhad	26,100	89,001	61,016	0.93
Dagang Nexchange Berhad	110,800	48,752	132,451	0.51
Datasonic Group Berhad	235,800	109,647	116,637	1.14
Genetec Technology Berhad	46,300	110,657	124,814	1.15
Greatech Technology Berhad	29,600	129,352	171,689	1.34
ITMAX System Berhad	53,200	96,292	66,836	1.00
SKP Resources Bhd.	110,900	110,345	154,579	1.15
UCHI Technologies Berhad	41,100	142,206	125,753	1.48
	653,800	836,252	953,775	8.70
<b>Materials</b>				
PETRONAS Chemicals Group Berhad	22,800	163,932	180,677	1.70
Press Metal Aluminium Holdings Berhad	23,000	108,330	97,227	1.13
	45,800	272,262	277,904	2.83

## Amlslamic Balanced

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

Details of Shariah-compliant investments as at 30 September 2023 are as follows: (cont'd.)

Name of company/trust	Number of shares/units	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>Quoted Shariah-compliant equity securities (cont'd.)</b>				
<b>Real estate</b>				
Eco World Development Group Berhad	71,100	76,788	45,882	0.80
Lagenda Properties Berhad	94,300	121,647	139,610	1.27
Mah Sing Group Berhad	104,700	94,230	64,982	0.98
Matrix Concepts Holdings Bhd.	97,050	144,605	131,650	1.50
S P Setia Berhad	91,000	93,730	48,694	0.97
Sime Darby Property Berhad	187,400	130,243	105,178	1.35
	<u>645,550</u>	<u>661,243</u>	<u>535,996</u>	<u>6.87</u>
<b>Telecommunication services</b>				
Telekom Malaysia Berhad	18,500	90,650	92,500	0.94
TIME dotCom Berhad	17,700	95,934	93,999	1.00
	<u>36,200</u>	<u>186,584</u>	<u>186,499</u>	<u>1.94</u>
<b>Utilities</b>				
Mega First Corporation Berhad	29,200	99,280	100,730	1.03
Tenaga Nasional Berhad	18,600	185,814	178,560	1.93
	<u>47,800</u>	<u>285,094</u>	<u>279,290</u>	<u>2.96</u>
<b>Total quoted Shariah-compliant equity securities</b>	<u>2,461,150</u>	<u>4,496,128</u>	<u>4,436,624</u>	<u>46.76</u>
<b>Quoted Shariah-compliant CIS</b>				
<b>REITs</b>				
AME Real Estate Investment Trust	40,700	51,689	47,394	0.54
Axis Real Estate Investment Trust	75,767	139,411	144,428	1.45
	<u>116,467</u>	<u>191,100</u>	<u>191,822</u>	<u>1.99</u>
<b>Total quoted Shariah-compliant CIS</b>	<u>116,467</u>	<u>191,100</u>	<u>191,822</u>	<u>1.99</u>

## Amlslamic Balanced

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

Details of Shariah-compliant investments as at 30 September 2023 are as follows: (cont'd.)

Name of trust	Number of units	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>Unquoted Shariah-compliant CIS</b>				
AmBon Islam*	776,616	1,006,882	996,047	10.47
AmDynamic Sukuk*	604,951	886,737	852,166	9.22
Amlslamic Global SRI*	142,195	150,201	142,092	1.56
<b>Total unquoted Shariah-compliant CIS</b>	<b>1,523,762</b>	<b>2,043,820</b>	<b>1,990,305</b>	<b>21.25</b>

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>Unquoted Shariah-compliant fixed income securities</b>						
<b>Corporate sukuk</b>						
29.08.2024	Celcom Networks Sdn. Bhd.	AAA	1,000,000	1,017,296	1,026,094	10.58
14.04.2028	Infracap Resources Sdn. Bhd.	AAA	500,000	508,970	515,032	5.29
20.04.2028	UMW Holdings Berhad	AA	400,000	440,561	411,413	4.58
<b>Total corporate sukuk</b>			<b>1,900,000</b>	<b>1,966,827</b>	<b>1,952,539</b>	<b>20.45</b>
<b>Total unquoted Shariah-compliant fixed income securities</b>			<b>1,900,000</b>	<b>1,966,827</b>	<b>1,952,539</b>	<b>20.45</b>

<b>Total financial assets at FVTPL</b>				<b>8,697,875</b>	<b>8,571,290</b>	<b>90.45</b>
<b>Excess of fair value over purchased/adjusted cost</b>				<b>126,585</b>		

## Amlslamic Balanced

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

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

	Effective yield	
	2023	2022
	%	%
Corporate sukuk	3.95	4.56

Analysis of the remaining maturity of unquoted Shariah-compliant investments as at 30 September 2023 and 30 September 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	1,000,000	900,000	-
<b>2022</b>			
At nominal value:			
Corporate sukuk	-	1,000,000	1,300,000

\* These CIS are managed by the Manager.

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

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

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

	Note	2023 RM	2022 RM
<b>(a) Due from Manager</b>			
Creation of units	(i)	-	33,204
<b>(b) Due to Manager</b>			
Redemption of units	(ii)	-	75,047
Manager's fee payable	(iii)	11,042	11,605
		11,042	86,652

## Amlslamic Balanced

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

- (i) The amount represents amount receivable from the Manager for units created.
- (ii) The amount represents amount payable to the Manager for units redeemed.

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

- (iii) Manager's fee is at a rate of 1.50% (2022: 1.50%) per annum on the NAV of the Fund, calculated on a daily basis. As the Fund invested in the unquoted CIS, the Manager's fee related to the CIS has been charged by the Manager.

According to Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Manager's fee can only be charged once and hence, no Manager's fee can be charged on the NAV of the unquoted CIS of this Fund to avoid double charging of Manager's fee.

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

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

	2023 RM	2022 RM
At nominal value:		
Short-term deposit	<u>540,000</u>	<u>810,000</u>
At carrying value:		
Short-term deposit	<u>540,089</u>	<u>810,055</u>

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>				
02.10.2023	CIMB Islamic Bank Berhad	<u>540,000</u>	<u>540,089</u>	<u>5.62</u>

## Amlslamic Balanced

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 7. SHARIAH-COMPLIANT DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION (CONT'D.)

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

	Weighted average effective profit rate		Weighted average remaining maturities	
	2023 %	2022 %	2023 Days	2022 Days
Short-term deposit	3.00	2.50	2	3

#### 8. 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.

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

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

	2023 RM	2022 RM
Net gain/(loss) on financial assets at FVTPL comprised:		
- Net realised gain/(loss) on sale of Shariah-compliant investments	3,957	(86,607)
- Net unrealised gain/(loss) on changes in fair value of Shariah-compliant investments	491,081	(1,120,441)
	<u>495,038</u>	<u>(1,207,048)</u>

#### 10. TOTAL EQUITY

Total equity is represented by:

	Note	2023 RM	2022 RM
Unit holders' capital	(a)	(1,308,975)	(1,085,709)
Retained earnings			
- Realised income	(b)	10,799,046	10,636,501
- Unrealised gain/(loss)	(c)	126,585	(364,496)
		<u>9,616,656</u>	<u>9,186,296</u>

## Amlslamic Balanced

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

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

	2023		2022	
	Number of units	RM	Number of units	RM
At beginning of the financial year	18,225,741	(1,085,709)	18,989,044	(637,047)
Creation during the financial year	2,657,784	1,380,795	1,974,250	1,038,933
Cancellation during the financial year	(3,100,534)	(1,604,061)	(2,737,553)	(1,487,595)
At end of the financial year	<u>17,782,991</u>	<u>(1,308,975)</u>	<u>18,225,741</u>	<u>(1,085,709)</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.

##### (b) Realised – distributable

	2023 RM	2022 RM
At beginning of the financial year	10,636,501	10,613,745
Net realised income for the financial year	162,545	22,756
At end of the financial year	<u>10,799,046</u>	<u>10,636,501</u>

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

	2023 RM	2022 RM
Gross realised - distributable	10,799,046	10,636,501
Unit holders' capital	(1,308,975)	(1,085,709)
At end of the financial year	<u>9,490,071</u>	<u>9,550,792</u>

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

	2023 RM	2022 RM
At beginning of the financial year	(364,496)	755,945
Net unrealised gain/(loss) for the financial year	491,081	(1,120,441)
At end of the financial year	<u>126,585</u>	<u>(364,496)</u>



## Amlslamic Balanced

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

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

<u>Related parties</u>	<u>Relationships</u>
AmFunds Management Berhad	The Manager
AmInvestment Bank Berhad	Holding company of the Manager
AMMB Holdings Berhad ("AMMB")	Ultimate holding company of the Manager
Subsidiaries and associates of AMMB as disclosed in its financial statements	Subsidiaries and associate companies of the ultimate holding company of the Manager

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

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>(i) Significant related party transactions</b>		
<u>AmBank Islamic Berhad</u> Profit income	12,222	7,740
<u>AmFunds Management Berhad</u> Distribution income	24,273	19,870
<b>(ii) Significant related party balances</b>		
<u>AmBank Islamic Berhad</u> Cash at banks	383,303	491,073

#### 12. TAXATION

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Local tax	921	696

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

## Amlslamic Balanced

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Net income/(loss) before taxation	<u>654,547</u>	<u>(1,096,989)</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	157,091	(263,277)
Tax effects of:		
Income not subject to tax	(199,399)	(72,033)
Losses not allowed for tax deduction	2,362	289,692
Restriction on tax deductible expenses for unit trust fund	27,061	30,079
Non-permitted expenses for tax purposes	10,800	12,893
Permitted expenses not used and not available for future financial years	<u>3,006</u>	<u>3,342</u>
Tax expense for the financial year	<u>921</u>	<u>696</u>

#### 13. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	<b>2023</b>	<b>2022</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Manager’s fee	1.28	1.34
Trustee’s fee	0.06	0.06
Fund’s other expenses	<u>0.27</u>	<u>0.25</u>
Total TER	<u>1.61</u>	<u>1.65</u>

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

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

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of Shariah-compliant investments to the average NAV of the Fund calculated on a daily basis, is 0.27 times (2022: 0.40 times).

## Amlslamic Balanced

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 15. SEGMENTAL REPORTING

The Manager and Investment Committee of the Fund are responsible for allocating resources available to the Fund in accordance with the overall investment strategies as set out in the Investment Guidelines of the Fund. The Fund is managed by three segments:

- A portfolio of Shariah-compliant equity instruments;
- A portfolio of Shariah-compliant CIS; and
- A portfolio of Shariah-compliant fixed income instruments, including Shariah-compliant deposits with licensed financial institutions.

The investment objective of each segment is to achieve consistent returns from the Shariah-compliant investments in each segment while safeguarding capital by investing in diversified portfolios. There have been no changes in reportable segments in the current financial year.

	<b>Equity portfolio RM</b>	<b>CIS portfolio RM</b>	<b>Fixed income portfolio RM</b>	<b>Total RM</b>
<b>2023</b>				
Dividend/Distribution income	185,685	35,581	-	221,266
Profit income	-	-	108,524	108,524
Net gains from Shariah-compliant investments:				
– Financial assets at FVTPL	319,895	114,839	60,302	495,036
Total segment investment income for the financial year	<u>505,580</u>	<u>150,420</u>	<u>168,826</u>	<u>824,826</u>
Financial assets at FVTPL	4,496,128	2,234,920	1,966,827	8,697,875
Shariah-compliant deposit with a licensed financial institution	-	-	540,089	540,089
Dividend/Distribution receivables	16,297	4,323	-	20,620
Total segment assets	<u>4,512,425</u>	<u>2,239,243</u>	<u>2,506,916</u>	<u>9,258,584</u>

**Amlslamic Balanced**

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

**15. SEGMENTAL REPORTING (CONT'D.)**

	<b>Equity portfolio RM</b>	<b>CIS portfolio RM</b>	<b>Fixed income portfolio RM</b>	<b>Total RM</b>
<b>2022</b>				
Dividend/Distribution income	162,116	29,682	-	191,798
Profit income	-	-	111,237	111,237
Net losses from Shariah- compliant investments:				
– Financial assets at FVTPL	<u>(1,065,259)</u>	<u>(59,071)</u>	<u>(82,718)</u>	<u>(1,207,048)</u>
Total segment investment (losses)/income for the financial year	<u>(903,143)</u>	<u>(29,389)</u>	<u>28,519</u>	<u>(904,013)</u>
Financial assets at FVTPL	3,602,657	2,003,000	2,323,013	7,928,670
Shariah-compliant deposit with a licensed financial institution	-	-	810,055	810,055
Dividend/Distribution receivables	15,323	10,155	-	25,478
Amount due from brokers	<u>64,530</u>	<u>-</u>	<u>-</u>	<u>64,530</u>
Total segment assets	<u>3,682,510</u>	<u>2,013,155</u>	<u>3,133,068</u>	<u>8,828,733</u>
Amount due to brokers	<u>62,689</u>	<u>-</u>	<u>-</u>	<u>62,689</u>
Total segment liability	<u>62,689</u>	<u>-</u>	<u>-</u>	<u>62,689</u>

Expenses of the Fund are not considered part of the performance of any investment segment. The following table provides reconciliation between the net reportable segment income/(loss) and net income/(loss) after taxation:

	<b>2023 RM</b>	<b>2022 RM</b>
Net reportable segment investment income/(loss)	824,826	(904,013)
Less: Expenses	<u>(170,281)</u>	<u>(192,976)</u>
Net income/(loss) before taxation	654,545	(1,096,989)
Taxation	<u>(921)</u>	<u>(696)</u>
Net income/(loss) after taxation	<u>653,624</u>	<u>(1,097,685)</u>

## Amlslamic Balanced

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 15. SEGMENTAL REPORTING (CONT'D.)

In addition, certain assets and liabilities are not considered to be part of the net assets or liabilities of an individual segment. The following table provides reconciliation between the net reportable segment assets and liabilities and total assets and liabilities of the Fund.

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Total segment assets	9,258,584	8,828,733
Amount due from Manager	-	33,204
Cash at banks	383,303	491,073
Total assets of the Fund	<u>9,641,887</u>	<u>9,353,010</u>
Total segment liabilities	-	62,689
Amount due to Manager	11,042	86,652
Amount due to Trustee	473	476
Sundry payables and accruals	13,716	16,897
Total liabilities of the Fund	<u>25,231</u>	<u>166,714</u>

#### 16. TRANSACTIONS WITH THE MANAGER AND BROKERS

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

Manager/Brokers	Transaction value		Brokerage fee, stamp duty and clearing fee	
	RM	%	RM	%
RHB Investment Bank Berhad	1,634,181	32.60	5,925	29.08
Maybank Investment Bank Berhad	1,042,485	20.80	5,136	25.21
AmlInvestment Bank Berhad*	1,030,525	20.56	4,407	21.63
Hong Leong Investment Bank Berhad	565,961	11.29	2,444	12.00
J.P. Morgan Securities (Malaysia) Sdn. Bhd.	263,117	5.25	1,079	5.30
Public Investment Bank Berhad	235,545	4.70	917	4.50
AmFunds Management Berhad	140,105	2.80	-	-
Affin Hwang Investment Bank Berhad	64,792	1.29	313	1.53
KAF Seagroatt & Campbell Securities Sdn. Bhd.	35,365	0.71	153	0.75
Total	<u>5,012,076</u>	<u>100.00</u>	<u>20,374</u>	<u>100.00</u>

\* A financial institution related to the Manager.

## Amlslamic Balanced

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 16. TRANSACTIONS WITH THE MANAGER, BROKERS AND FINANCIAL INSTITUTIONS (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 were in respect of Shariah-compliant listed equity securities, Shariah-compliant CIS and Shariah-compliant fixed income instruments. Transactions in unquoted Shariah-compliant CIS and Shariah-compliant fixed income instruments 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.

	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	8,697,875	-	-	8,697,875
Dividend/Distribution receivables	-	20,620	-	20,620
Shariah-compliant deposit with a licensed financial institution	-	540,089	-	540,089
Cash at banks	-	383,303	-	383,303
Total financial assets	<u>8,697,875</u>	<u>944,012</u>	<u>-</u>	<u>9,641,887</u>
<b>Liabilities</b>				
Amount due to Manager	-	-	11,042	11,042
Amount due to Trustee	-	-	473	473
Total financial liabilities	<u>-</u>	<u>-</u>	<u>11,515</u>	<u>11,515</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. FINANCIAL INSTRUMENTS (CONT'D.)**

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

	<b>Financial assets at FVTPL RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>2022</b>				
<b>Assets</b>				
Shariah-compliant investments	7,928,670	-	-	7,928,670
Amount due from brokers	-	64,530	-	64,530
Amount due from Manager	-	33,204	-	33,204
Dividend/Distribution receivables	-	25,478	-	25,478
Shariah-compliant deposit with a licensed financial institution	-	810,055	-	810,055
Cash at banks	-	491,073	-	491,073
<b>Total financial assets</b>	<b>7,928,670</b>	<b>1,424,340</b>	<b>-</b>	<b>9,353,010</b>
<b>Liabilities</b>				
Amount due to brokers	-	-	62,689	62,689
Amount due to Manager	-	-	86,652	86,652
Amount due to Trustee	-	-	476	476
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>149,817</b>	<b>149,817</b>
			<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			495,038	(1,207,048)
Income, of which derived from:				
– Gross dividend/Distribution income from financial assets at FVTPL			221,266	191,798
– Profit income from financial assets at FVTPL			86,440	88,658
– Profit income from financial assets at amortised cost			22,084	22,579

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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	4,687,228	4,010,647	-	8,697,875
<b>2022</b>				
Financial assets at FVTPL	3,818,237	4,110,433	-	7,928,670

**(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
- Dividend/Distribution receivables
- Shariah-compliant deposit with a licensed financial institution
- Cash at banks
- 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.



**NOTES TO THE FINANCIAL STATEMENTS  
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**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 Market 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) Price risk**

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

The result below summarised the price risk sensitivity of the Fund's NAV due to movements of price by -5.00% and +5.00% respectively:

Percentage movements in price by:	Sensitivity of the Fund's NAV	
	2023 RM	2022 RM
-5.00%	(336,552)	(280,283)
+5.00%	<u>336,552</u>	<u>280,283</u>

**(ii) 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.

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

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

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

**(ii) Rate of return risk (cont'd.)**

Domestic profit rate 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	(45,603)	(84,038)
-100 bps	47,455	88,826

**(b) Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund can invest up to 100% of the NAV in Shariah-compliant fixed income instruments. As such the Fund would be exposed to the risk of sukuk issuers and financial institutions defaulting on its 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 Islamic debt securities by rating category as at 30 September 2023 and 30 September 2022:

Credit rating	RM	As a % of debt securities	As a % of NAV
<b>2023</b>			
AAA	1,526,266	77.60	15.87
AA	440,561	22.40	4.58
	<u>1,966,827</u>	<u>100.00</u>	<u>20.45</u>
<b>2022</b>			
AAA	497,028	21.40	5.41
AA	1,825,985	78.60	19.88
	<u>2,323,013</u>	<u>100.00</u>	<u>25.29</u>

## Amlslamic Balanced

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

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

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

For Shariah-compliant deposit with a licensed financial institution, the Fund only makes placements with financial institution with sound rating. The following table presents the Fund's portfolio of deposit by rating category as at 30 September 2023 and 30 September 2022:

Credit rating	RM	As a % of deposits	As a % of NAV
<b>2023</b>			
P1/MARC-1	540,089	100.00	5.62
<b>2022</b>			
P1/MARC-1	810,055	100.00	8.82

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

##### (ii) Credit risk concentration

Concentration of risk is monitored and managed based on sectorial distribution. The table below analyses the Fund's portfolio of Islamic debt securities by sectorial distribution as at 30 September 2023 and 30 September 2022:

Sector	RM	As a % of debt securities	As a % of NAV
<b>2023</b>			
Communications services	1,017,296	51.72	10.58
Consumer discretionary	440,561	22.40	4.58
Public administration	508,970	25.88	5.29
	<u>1,966,827</u>	<u>100.00</u>	<u>20.45</u>
<b>2022</b>			
Construction and engineering	368,389	15.86	4.01
Diversified holdings	434,180	18.69	4.73
Infrastructure and utilities	1,023,416	44.06	11.14
Public finance	497,028	21.39	5.41
	<u>2,323,013</u>	<u>100.00</u>	<u>25.29</u>

**Amlslamic Balanced**

**NOTES TO THE FINANCIAL STATEMENTS  
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**18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**

**(c) Liquidity risk**

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise of deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

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

	<b>Contractual cash flows (undiscounted)</b>					
	<b>0 – 1 year RM</b>	<b>1 – 2 years RM</b>	<b>2 – 3 years RM</b>	<b>3 – 4 years RM</b>	<b>4 – 5 years RM</b>	<b>More than 5 years RM</b>
<b>2023</b>						
<b>Financial assets</b>						
Shariah-compliant investments	1,096,791	45,930	45,930	46,000	946,070	-
Dividend/Distribution receivables	20,620	-	-	-	-	-
Shariah-compliant deposit with a licensed financial institution	540,133	-	-	-	-	-
Cash at banks	383,303	-	-	-	-	-
<b>Total assets</b>	<b>2,040,847</b>	<b>45,930</b>	<b>45,930</b>	<b>46,000</b>	<b>946,070</b>	<b>-</b>
<b>Financial liabilities</b>						
Amount due to Manager	11,042	-	-	-	-	-
Amount due to Trustee	473	-	-	-	-	-
Sundry payables and accruals	13,716	-	-	-	-	-
<b>Total liabilities</b>	<b>25,231</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Amlslamic Balanced**

**NOTES TO THE FINANCIAL STATEMENTS  
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**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.)

	<b>Contractual cash flows (undiscounted)</b>					
	<b>0 – 1</b>	<b>1 – 2</b>	<b>2 – 3</b>	<b>3 – 4</b>	<b>4 – 5</b>	<b>More than</b>
	<b>year</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>years</b>	<b>5 years</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2022</b>						
<b>Financial assets</b>						
Shariah-compliant investments	112,298	1,112,348	61,530	61,530	61,600	1,392,912
Amount due from broker	64,530	-	-	-	-	-
Amount due from Manager	33,204	-	-	-	-	-
Dividend/Distribution receivables	25,478	-	-	-	-	-
Shariah-compliant deposit with a licensed financial institution	810,166	-	-	-	-	-
Cash at banks	491,073	-	-	-	-	-
<b>Total assets</b>	<b>1,536,749</b>	<b>1,112,348</b>	<b>61,530</b>	<b>61,530</b>	<b>61,600</b>	<b>1,392,912</b>
<b>Financial liabilities</b>						
Amount due to brokers	62,689	-	-	-	-	-
Amount due to Manager	86,652	-	-	-	-	-
Amount due to Trustee	476	-	-	-	-	-
Sundry payables and accruals	16,897	-	-	-	-	-
<b>Total liabilities</b>	<b>166,714</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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 the respective internal policies, the Deed and its Supplemental Deed, securities laws or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the Fund.

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

This is the risk of the Fund not conforming to Shariah Investment Guidelines. The Shariah Adviser for the Fund would be responsible for ensuring that the Fund is managed and administered in accordance with Shariah Investment Guidelines. Note that as the Fund can only invest in Shariah-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 30 September 2023 and 30 September 2022.

## **AmIslamic Balanced**

### **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 Balanced (“the Fund”) as at 30 September 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

20 November 2023

## **TRUSTEE'S REPORT**

To the unit holders of **AMISLAMIC BALANCED** ("Fund"),

We have acted as Trustee of the Fund for the financial year ended 30 September 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.

For **AMANAHRAYA TRUSTEES BERHAD**

**ZAINUDIN BIN SUHAIMI**

Chief Executive Officer

Date: 14 November 2023



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

To the unit holders of AmIslamic Balanced ("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: 20 November 2023

## MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of Amlslamic Growth ("Fund") for the financial year ended 30 September 2023.

### Salient Information of the Fund

<b>Name</b>	Amlslamic Growth ("Fund")
<b>Category/ Type</b>	Equity (Islamic) / Growth
<b>Objective</b>	<p>Amlslamic Growth aims to provide long-term capital growth mainly through investments in securities with superior growth* potential, which conforms to principles of Shariah. As such, income** will be incidental to the overall capital growth objective and a substantial portion of the income from investments will be reinvested, rather than distributed.</p> <p><i>Note:</i>  * Superior growth potential in this context refers to earnings growth higher than the market average.  ** The income could be in the form of units or cash.  Any material change to the investment objective of the Fund would require Unit Holders' approval</p>
<b>Duration</b>	The Fund was established on 10 September 2004 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>FTSE Bursa Malaysia Emas Shariah Index ("FBM SI")  (Available at <a href="http://www.aminvest.com">www.aminvest.com</a> / <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>)</p> <p><i>Note: The benchmark does not imply that the risk profile of the Fund is the same as the risk profile of the benchmark. Investors of the Fund will assume a higher risk compared to the benchmark. Hence, the returns of the Fund may be potentially higher due to the higher risk faced by the investors.</i></p> <p><i>Source: FTSE International Limited ("FTSE") © FTSE 2023. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. "BURSA MALAYSIA" is a trade mark of Bursa Malaysia Berhad ("BURSA MALAYSIA"). All intellectual property rights in the index values and constituent list vests in FTSE and BURSA MALAYSIA. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.</i></p>
<b>Income Distribution Policy</b>	Income distribution (if any) is incidental.

## Fund Performance Data

Portfolio Composition	As at 30 September		
	2023 %	2022 %	2021 %
Consumer discretionary	6.38	5.50	5.03
Consumer staples	9.71	9.15	4.41
Energy	0.99	1.40	2.10
Financials	2.97	1.96	3.69
Health care	2.33	0.96	1.45
Industrials	14.43	14.87	19.18
Information technology	11.80	12.93	22.89
Materials	4.12	5.83	6.40
Real estate/REITs	15.20	13.36	7.34
Telecommunication services	3.92	4.10	2.76
Utilities	6.75	8.23	10.18
Local collective investment scheme	2.57	2.51	2.61
Money market deposits and cash equivalents	18.83	19.20	11.96
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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

## Performance Details

Performance details of the Fund for the financial years ended 30 September are as follows:

	FYE 2023	FYE 2022	FYE 2021
Net asset value (RM)	14,750,958*	13,459,152	15,386,725
Units in circulation	27,890,040*	27,530,344	26,400,320
Net asset value per unit (RM)	0.5289*	0.4889	0.5828
Highest net asset value per unit (RM)	0.5335	0.5960	0.5980
Lowest net asset value per unit (RM)	0.4776	0.4812	0.5387
Benchmark performance (%)	8.66	-19.02	-4.20
Total return (%) <sup>(1)</sup>	9.00	-16.11	3.17
- Capital growth (%)	8.18	-16.11	3.17
- Income distribution (%)	0.82	-	-
Gross distribution (sen per unit)	0.40	-	-
Net distribution (sen per unit)	0.40	-	-
Total expense ratio (%) <sup>(2)</sup>	1.69	1.70	1.73
Portfolio turnover ratio (times) <sup>(3)</sup>	0.37	0.56	1.35

\* 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 decreased by 0.01% as compared to 1.70% per

annum for the financial year ended 30 September 2022 mainly due to increase 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 decrease in the PTR for 2023 and 2022 were due mainly to investing activities.

**Average Total Return (as at 30 September 2023)**

	<b>Amlslamic Growth<sup>(a)</sup></b> %	<b>FBM SI<sup>(b)</sup></b> %
One year	9.00	8.66
Three years	-1.93	-5.54
Five years	1.93	-3.02
Ten years	2.15	-1.28

**Annual Total Return**

<b>Financial Years Ended (30 September)</b>	<b>Amlslamic Growth<sup>(a)</sup></b> %	<b>FBM SI<sup>(b)</sup></b> %
2023	9.00	8.66
2022	-16.11	-19.02
2021	3.17	-4.20
2020	20.11	9.62
2019	-2.89	-7.18

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

(b) FTSE Bursa Malaysia EMAS Shariah Index (“FBM SI”).

(Available at [www.aminvest.com](http://www.aminvest.com) / [www.bursamalaysia.com](http://www.bursamalaysia.com))

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.**

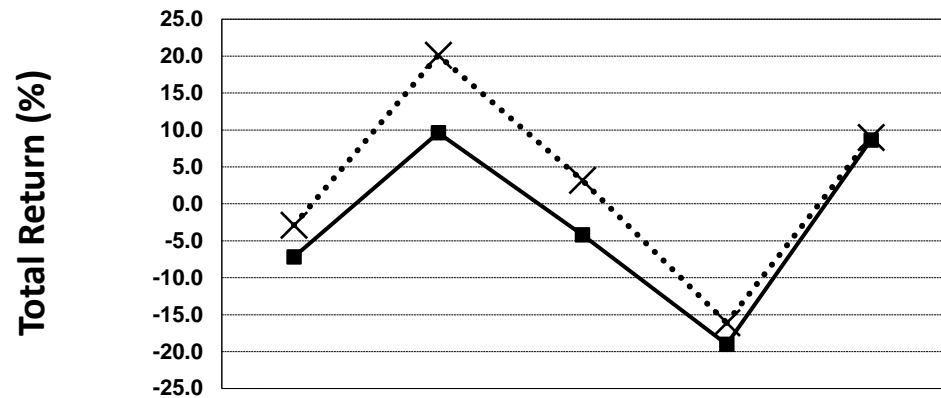
**Fund Performance**

For the financial year under review, the Fund registered a return of 9.00% comprising of 8.18% capital growth and 0.82% income distribution.

Thus, the Fund’s return of 9.00% has outperformed the benchmark’s return of 8.66% by 0.34%.

As compared with the financial year ended 30 September 2022, the net asset value (“NAV”) per unit of the Fund increased by 8.18% from RM0.4889 to RM0.5289, while units in circulation increased by 1.31% from 27,530,344 units to 27,890,040 units.

The following line chart shows comparison between the annual performances of Amlslamic Growth and its benchmark, FBM SI, for the financial years ended 30 September.



	2019	2020	2021	2022	2023
···x··· Fund	-2.89	20.11	3.17	-16.11	9.00
—■— Benchmark	-7.18	9.62	-4.20	-19.02	8.66

Financial Years Ended (30 September)

**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

For the financial year under review, the Fund invested accordingly in Shariah-compliant equities up to 95% of its NAV. Value-add from equities investment was derived from active stock selection with focus on undervalued Shariah-compliant stock relative to its earnings growth potential and/or its intrinsic value.

#### Portfolio Structure

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

	As at 30.09.2023 %	As at 30.09.2022 %	Changes %
Consumer discretionary	6.38	5.50	0.88
Consumer staples	9.71	9.15	0.56
Energy	0.99	1.40	-0.41
Financials	2.97	1.96	1.01
Health care	2.33	0.96	1.37
Industrials	14.43	14.87	-0.44
Information technology	11.80	12.93	-1.13
Materials	4.12	5.83	-1.71
Real estate/REITs	15.20	13.36	1.84
Telecommunication services	3.92	4.10	-0.18
Utilities	6.75	8.23	-1.48
Local collective investment scheme	2.57	2.51	0.06
Money market deposits and cash equivalents	18.83	19.20	-0.37
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	

At the end of financial year under review, the Fund's equity and local collective investment schemes exposure was marginally higher at 81.17% as compared to 80.80% as at 30 September 2022.

During the year, the Fund raised exposure in Real Estate/REITS sector on expectation of a gradual recovery in property transaction volumes on improved market sentiments and stronger demand. The Fund also added weights in

	healthcare and financials sectors by 1.37% and 1.01% respectively. On the other hand, the Fund reduced exposure in utilities, materials and information technology sectors by 1.48%, 1.71% and 1.13% respectively. During the period, the Fund adopted a balanced approach between value and growth amid volatile markets								
<b>Securities Lending / Repurchase Transactions</b>	The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”).								
<b>Cross Trade</b>	There were no cross trades undertaken during the financial year under review.								
<b>Distribution/ Unit splits</b>	<p>During the financial year under review, the Fund declared income distribution, detailed as follows:</p> <table border="1"> <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>22-Sep-23</td> <td>0.40</td> <td>0.5344</td> <td>0.5304</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)	22-Sep-23	0.40	0.5344	0.5304
Date of distribution	Distribution per unit RM (sen)	NAV per unit Cum-Distribution (RM)	NAV per unit Ex-Distribution (RM)						
22-Sep-23	0.40	0.5344	0.5304						
<b>State of Affairs</b>	There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial year under review.								
<b>Rebates and Soft Commission</b>	<p>During the year, the management company received soft commissions by virtue of transactions conducted for the Fund, in the form of research services, systems and services relating to performance measurement of portfolios and subscription fees for fund’s benchmark indices. All of these assist in the investment decision making process which are of demonstrable benefit to unitholders of the Fund.</p> <p>The company has soft commission arrangement with a total of 12 brokers, who execute trades for the Fund and other funds or investments managed by the company. The soft commission received would be in the form of research services, systems and services relating to performance measurement of portfolios and/or subscription fees for fund’s benchmark indices. All of these assist in the investment decision making process which are of demonstrable benefit to unitholders of the Fund and other funds or investments managed by the company.</p> <p>Soft commissions received were for the benefit of the Fund and there was no churning of trades.</p>								
<b>Market Review</b>	At the start of the year under review, market sentiment was weak following concerns over the rising geopolitical tensions between United States (US) and China after US introducing new measure to restrict sales of technology to China, triggering an industry sell off. However, Asian shares were boosted by China’s relaxation of its zero-Covid policy, whilst the developed markets’ gains could be attributed to the indications that the pace of policy tightening would slow amid the cooling inflation figure. Locally, Anwar Ibrahim had finally sworn in as Malaysia’s 10 <sup>th</sup> Prime Minister (PM) post 15 <sup>th</sup> General Election. The market reacted positively to the appointment, as seen in the strong gain recorded in the final quarter of 2022, as investors deemed that political uncertainty in the country has finally subsided.								

Global equities started the year 2023 with gains, supported by receding recession worries in developed markets. The market turbulence that followed the collapse of Silicon Valley Bank (SVB) was short-lived as the market rebounded from sharp selloff in March to end 1QCY2023 higher. Meanwhile, Chinese shares recorded strong gains at the start of the year after Beijing loosened its Covid-19 restrictions, at the same time announcing supportive measures for property market as well as the loosening of the regulatory crackdown on China's technology companies. However, Malaysian market took a breather in 1QCY2023 despite 'major investments' announcement totaled RM170b by the Prime Minister after his trip to Beijing.

Developed markets continued their momentum in 2QCY2023 (notably the US), mainly buoyed by excitement over Artificial Intelligence (AI), which boosted technology stocks particularly chipmakers. The AI euphoria had also provided a push to AI-related stocks in Taiwan and South Korea. In May, the United States (US) Federal Reserve raised interest rates by 25bps and adopted a "hawkish pause" during its June meeting. There were concerns over the US debt ceiling, but a legislation was later approved by Congress to suspend the debt ceiling starting 1<sup>st</sup> June. On the flipside, China equities erased some of the gained made at the start of the year as the anticipated economic rebound came in weaker-than-expected due to lackluster consumer spending and weak global demand. Domestically, Utilities sector was the star performer for the period thanks to the announcement made by the government on energy reforms. Construction sector had also gained some interests as a slate of infrastructure projects were announced ahead of the six state elections in 3QCY2023.

After the strong 1HCY2023, global equities posted a negative return in the final quarter of period under review. Commodities were a notable performer with energy gaining amid oil production cuts by Saudi Arabia and Russia. US equities started 3QCY2023 with optimism, following a soft-landing expectation painted by the Federal Reserve. It was later dissipating as the prospect of a sustained period of higher rates sank in, following the revised Federal Reserve "dot plot". In Asia, most of markets ended the period in negative territory as concerns over Chinese economy and fear on slower global growth weakened investor sentiment. China and Hong Kong markets experienced sharp declines in August, dragged by weak performance of property companies. In Malaysia, new government policies, the National Energy Transition Roadmap (NETR) and 12<sup>th</sup> Malaysian Plans Mid-Term Review helped bolstering the market performance, as the two policies are tailored towards realizing aspirations of the Madani Economy initiatives.

For the period under review, despite the volatility, FBM Emas Shariah Index registered a positive return of 8.66%.

**Market Outlook**

The Federal Open Market Committee (FOMC) meeting in September was perceived to be a hawkish pause, as Gross Domestic Product (GDP) growth forecasts were upgraded; the dotplot indicated one more rate hike in 2023 and majority of the FOMC members expected the policy rate to remain above 5% next year. This relative hawkishness has sustained the strength of the United States Dollar (USD), translating to a reversal in money flows out of selected emerging markets recently.

On the local front, continued positive news flow from the Government in the form of National Energy Transition Roadmap (NETR) Phase 2 and the New Industrial Master Plan (NIMP) 2030 hint at policy direction for the near and medium term. The recently announced 12th Malaysian Plan (12MP) Mid-Term Review (MTR)

	<p>is another key policy document tailored to realize the aspirations of the Madani Economy initiatives. The MTR has long-term positive implications for the evolution of Malaysia's economy and dovetails closely with the longer term NIMP that will run through 2030.</p> <p>We are mildly positive on Budget 2024, which is expansionary and pro-growth whilst lowering budget deficit to Gross Domestic Product (GDP) ratio. The government's commitment to fiscal prudence over the medium term is also positive for the ringgit and the market. However, details are still lacking on some of the measures. Positioning in our portfolios would be skewed towards Budget beneficiaries like the domestic driven construction/building materials, renewables, technology and tourism sectors.</p> <p>Investor sentiment is likely to be cautious whilst equity markets are likely to remain volatile on the back of the evolving macroeconomic and higher operational costs environment. We are of the view that the local market's valuations are attractive, thus we will be looking to increase our equity exposure to capitalize on the weakness</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

20 November 2023



## **Independent auditors' report to the unit holders of Amlslamic Growth**

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

#### *Opinion*

We have audited the financial statements of Amlslamic Growth ("the Fund"), which comprise the statement of financial position as at 30 September 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 202 to 231.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 September 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 Growth (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 Growth (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 Growth (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  
20 November 2023

## Amlslamic Growth

### STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	Note	2023 RM	2022 RM
<b>ASSETS</b>			
Shariah-compliant investments	4	11,973,489	10,875,314
Amount due from Manager	5(a)	134,113	68,128
Amount due from brokers	6	-	101,310
Other receivable		289	289
Dividend/Distribution receivables		39,576	47,028
Cash at bank		2,638,273	2,613,235
<b>TOTAL ASSETS</b>		<b>14,785,740</b>	<b>13,705,304</b>
<b>LIABILITIES</b>			
Amount due to Manager	5(b)	19,178	87,390
Amount due to Trustee	7	720	708
Amount due to brokers	6	-	139,905
Sundry payables and accruals		14,884	18,149
<b>TOTAL LIABILITIES</b>		<b>34,782</b>	<b>246,152</b>
<b>NET ASSET VALUE (“NAV”) OF THE FUND</b>		<b>14,750,958</b>	<b>13,459,152</b>
<b>EQUITY</b>			
Unit holders’ capital	9(a)	(8,002,041)	(8,176,732)
Retained earnings	9(b)(c)	22,752,999	21,635,884
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	9	<b>14,750,958</b>	<b>13,459,152</b>
<b>UNITS IN CIRCULATION</b>	9(a)	<b>27,890,040</b>	<b>27,530,344</b>
<b>NAV PER UNIT (RM) - EX-DISTRIBUTION</b>		<b>0.5289</b>	<b>0.4889</b>

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

## Amlslamic Growth

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 RM	2022 RM
<b>SHARIAH-COMPLIANT INVESTMENT INCOME/ (LOSS)</b>			
Dividend/Distribution income		500,807	431,204
Profit income		77,388	50,021
Net gain/(loss) from Shariah-compliant investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	<u>939,866</u>	<u>(2,668,064)</u>
		<u>1,518,061</u>	<u>(2,186,839)</u>
<b>EXPENDITURE</b>			
Manager’s fee	5	(206,236)	(209,287)
Trustee’s fee	7	(8,522)	(8,573)
Audit fee		(6,500)	(6,500)
Tax agent’s fee		(5,000)	(5,000)
Brokerage and other transaction fees		(47,957)	(73,164)
Other expenses		<u>(14,232)</u>	<u>(13,240)</u>
		<u>(288,447)</u>	<u>(315,764)</u>
<b>Net income/(loss) before taxation</b>		1,229,614	(2,502,603)
<b>Taxation</b>	11	<u>(2,779)</u>	<u>(1,914)</u>
<b>Net income/(loss) after taxation, representing total comprehensive income/(loss) for the financial year</b>		<u>1,226,835</u>	<u>(2,504,517)</u>
Total comprehensive income/(loss) comprises the following:			
Realised gain/(loss)		412,708	(125,280)
Unrealised gain/(loss)		<u>814,127</u>	<u>(2,379,237)</u>
		<u>1,226,835</u>	<u>(2,504,517)</u>
<b>Distribution for the financial year</b>			
Net distribution	12	<u>109,720</u>	-
Gross distribution per unit (sen)	12	<u>0.40</u>	-
Net distribution per unit (sen)	12	<u>0.40</u>	-

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

## Amlslamic Growth

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

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 October 2022		(8,176,732)	21,635,884	13,459,152
Total comprehensive income for the financial year		-	1,226,835	1,226,835
Creation of units	9(a)	1,946,948	-	1,946,948
Reinvestment of distribution	9(a),12	109,720	-	109,720
Cancellation of units	9(a)	(1,881,977)	-	(1,881,977)
Distribution	12	-	(109,720)	(109,720)
Balance at 30 September 2023		<u>(8,002,041)</u>	<u>22,752,999</u>	<u>14,750,958</u>
At 1 October 2021		(8,753,676)	24,140,401	15,386,725
Total comprehensive loss for for the financial year		-	(2,504,517)	(2,504,517)
Creation of units	9(a)	2,923,480	-	2,923,480
Cancellation of units	9(a)	(2,346,536)	-	(2,346,536)
Balance at 30 September 2022		<u>(8,176,732)</u>	<u>21,635,884</u>	<u>13,459,152</u>

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

## Amlslamic Growth

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from sale of Shariah-compliant investments	5,303,174	8,161,671
Purchase of Shariah-compliant investments	(5,500,079)	(8,042,909)
Dividends/Distributions received	505,480	422,012
Profit received	77,388	50,021
Manager's fee paid	(206,461)	(212,252)
Trustee's fee paid	(8,509)	(8,660)
Tax agent's fee paid	(5,000)	(5,000)
Payments for other expenses	(71,954)	(90,643)
Net cash generated from operating and investing activities	<u>94,039</u>	<u>274,240</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	1,880,963	2,863,304
Payments for cancellation of units	(1,949,964)	(2,595,914)
Net cash (used in)/generated from financing activities	<u>(69,001)</u>	<u>267,390</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	25,038	541,630
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<u>2,613,235</u>	<u>2,071,605</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<u>2,638,273</u>	<u>2,613,235</u>
Cash and cash equivalents comprise:		
Cash at bank	<u>2,638,273</u>	<u>2,613,235</u>



## Amlslamic Growth

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 1. GENERAL INFORMATION

Amlslamic Growth (“the Fund”) was established pursuant to a Deed dated 2 September 2004 as amended by Deed supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, AmanahRaya Trustees Berhad as the Trustee and all unit holders.

The Fund was set up with the objective of providing investors with a means to pool and invest their funds in a professionally managed portfolio of Shariah-compliant equities and other non-interest bearing securities. The Fund aims to provide long-term capital growth mainly through investments in securities with superior growth potential, which conforms to Principles of Shariah. As provided in the Deed, the financial year shall end on 30 September and the units of the Fund were first offered for sale on 10 September 2004.

The financial statements were authorised for issue by the Manager on 20 November 2023.

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

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

##### Standards effective during the financial year

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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</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:</i> <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements:</i> <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting policies, Changes in Accounting</i> <i>Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes: Deferred Tax related to</i> <i>Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Leases: Lease Liability in a Sale and</i> <i>Leaseback*</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements:</i> <i>Non-Current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 <i>Statement of Cash Flows</i> and MFRS 7 <i>Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution</i> <i>of Assets between an Investor and its Associate or Joint Venture*</i>	Deferred

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Income recognition**

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

(i) Dividend/Distribution income

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

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

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

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

(ii) Profit income

Profit income on Islamic short-term deposits is recognised on an accrual basis using the effective profit method.

(iii) 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.

**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 dividend/distribution income, 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.

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

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

**3.6 Unit holders' capital**

The unit holders' capital of the Fund meets the definition of puttable instruments and is classified as equity instruments 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.

(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.

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

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

**3.8 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 deposits with licensed financial institutions, cash at banks, amount due from brokers/financial institutions, amount due from Manager, dividend/distribution receivable 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". Dividend/Distribution revenue and profit earned elements of such instruments are recorded separately in "Dividend/Distribution income" and "Profit income" respectively.

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

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

**3.8 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.

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

**3.9 Financial liabilities – classification and subsequent measurement**

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

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

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

**3.10 Derecognition of financial instruments (cont'd.)**

(ii) Derecognition of financial liability

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

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

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

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

**3.12 Determination of fair value**

For Shariah-compliant investments in quoted equity securities and CIS, fair value is determined based on the closing price quoted on Bursa Malaysia Berhad. For Shariah-compliant investments in unquoted CIS, fair value is determined based on the closing NAV per unit of the CIS. Purchased cost is the quoted price that the Fund paid when buying its Shariah-compliant investments. The difference between the purchased cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gains or losses recognised in profit or loss are not distributable in nature.

**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.

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

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

**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.

**4. SHARIAH-COMPLIANT INVESTMENTS**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets at FVTPL</b>		
Quoted Shariah-compliant equity securities	10,904,918	9,827,278
Quoted Shariah-compliant CIS	689,422	709,842
Unquoted Shariah-compliant CIS	379,149	338,194
	<u>11,973,489</u>	<u>10,875,314</u>

Details of Shariah-compliant investments as at 30 September 2023 are as follows:

<b>Name of company</b>	<b>Number of shares</b>	<b>Fair value RM</b>	<b>Purchased cost RM</b>	<b>Fair value as a percentage of NAV %</b>
<b>Quoted Shariah-compliant equity securities</b>				
<b>Consumer discretionary</b>				
Berjaya Food Berhad	232,900	174,675	187,753	1.18
Bermaz Auto Berhad	123,700	308,013	173,175	2.09
DRB-HICOM Berhad	154,700	221,221	215,021	1.50
MBM Resouces Berhad	64,300	237,267	207,464	1.61
	<u>575,600</u>	<u>941,176</u>	<u>783,413</u>	<u>6.38</u>



## Amlslamic Growth

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

Details of Shariah-compliant investments as at 30 September 2023 are as follows: (cont'd.)

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>Quoted Shariah-compliant equity securities (cont'd.)</b>				
<b>Consumer staples</b>				
AEON Co. (M) Bhd.	162,400	178,640	214,032	1.21
Fraser & Neave Holdings Bhd.	5,600	141,680	115,210	0.96
Kuala Lumpur Kepong Berhad	13,600	291,040	290,771	1.97
PPB Group Berhad	15,100	233,748	274,414	1.59
QL Resources Berhad	37,900	206,934	215,199	1.40
Sarawak Oil Palms Bhd.	52,100	133,897	143,390	0.91
TA Ann Holdings Berhad	73,100	246,347	230,589	1.67
	<u>359,800</u>	<u>1,432,286</u>	<u>1,483,605</u>	<u>9.71</u>
<b>Energy</b>				
PETRONAS Dagangan Berhad	6,500	145,470	142,369	0.99
<b>Financials</b>				
GHL Systems Berhad	198,800	160,034	211,349	1.09
Syarikat Takaful Malaysia Keluarga Berhad	79,800	277,704	341,052	1.88
	<u>278,600</u>	<u>437,738</u>	<u>552,401</u>	<u>2.97</u>
<b>Health care</b>				
Duopharma Biotech Berhad	174,800	209,760	260,287	1.42
Hartalega Holdings Berhad	35,700	71,043	70,989	0.48
Top Glove Corporation Bhd.	81,400	63,085	70,387	0.43
	<u>291,900</u>	<u>343,888</u>	<u>401,663</u>	<u>2.33</u>
<b>Industrials</b>				
CTOS Digital Berhad	192,800	269,920	311,870	1.83
Frontken Corporation Berhad	45,550	143,483	110,772	0.97
Gamuda Berhad	49,200	217,956	179,006	1.48
IJM Corporation Berhad	135,400	251,844	194,680	1.71
Kerjaya Prospek Group Berhad	63,100	82,030	70,041	0.56

## Amlslamic Growth

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

Details of Shariah-compliant investments as at 30 September 2023 are as follows: (cont'd.)

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>Quoted Shariah-compliant equity securities (cont'd.)</b>				
<b>Industrials (cont'd.)</b>				
MISC Berhad	31,400	222,312	216,510	1.51
Sime Darby Berhad	120,200	265,642	265,755	1.80
Sunway Berhad	173,300	341,401	292,051	2.31
Sunway Construction Group Berhad	106,600	202,540	173,932	1.37
Westports Holdings Berhad	40,900	132,107	143,150	0.89
	<u>958,450</u>	<u>2,129,235</u>	<u>1,957,767</u>	<u>14.43</u>
<b>Information technology</b>				
D & O Green Technologies Berhad	50,700	172,887	118,527	1.17
Dagang NeXchange Berhad	229,800	101,112	250,205	0.69
Datasonic Group Berhad	551,400	256,401	272,940	1.74
Genetec Technology Berhad	97,700	233,503	258,034	1.58
Greatech Technology Berhad	60,200	263,074	342,343	1.78
ITMAX System Berhad	112,200	203,082	146,749	1.38
SKP Resources Bhd.	209,900	208,850	309,602	1.42
UCHI Technologies Berhad	87,100	301,366	266,579	2.04
	<u>1,399,000</u>	<u>1,740,275</u>	<u>1,964,979</u>	<u>11.80</u>
<b>Materials</b>				
PETRONAS Chemicals Group Berhad	45,500	327,145	376,620	2.22
Press Metal Aluminium Holdings Berhad	59,600	280,716	251,944	1.90
	<u>105,100</u>	<u>607,861</u>	<u>628,564</u>	<u>4.12</u>
<b>Real estate</b>				
Eco World Development Group Berhad	143,100	154,548	93,314	1.05
Lagenda Properties Berhad	187,900	242,391	274,051	1.64

## Amlslamic Growth

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

Details of Shariah-compliant investments as at 30 September 2023 are as follows: (cont'd.)

Name of company/trust	Number of shares/ units	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>Quoted Shariah-compliant equity securities (cont'd.)</b>				
<b>Real estate (cont'd.)</b>				
Mah Sing Group Berhad	381,300	343,170	255,192	2.33
Matrix Concepts Holdings Berhad	198,400	295,616	271,974	2.00
S P Setia Berhad	184,200	189,726	98,942	1.29
Sime Darby Property Berhad	470,300	326,859	262,787	2.22
	<u>1,565,200</u>	<u>1,552,310</u>	<u>1,256,260</u>	<u>10.53</u>
<b>Telecommunication services</b>				
Telekom Malaysia Berhad	74,500	365,050	306,895	2.47
TIME dotCom Berhad	39,500	214,090	209,918	1.45
	<u>114,000</u>	<u>579,140</u>	<u>516,813</u>	<u>3.92</u>
<b>Utilities</b>				
Mega First Corporation Berhad	101,600	345,440	202,327	2.34
Tenaga Nasional Berhad	65,075	650,099	701,193	4.41
	<u>166,675</u>	<u>995,539</u>	<u>903,520</u>	<u>6.75</u>
<b>Total quoted Shariah-compliant equity securities</b>	<u>5,820,825</u>	<u>10,904,918</u>	<u>10,591,354</u>	<u>73.93</u>
<b>Quoted Shariah-compliant CIS</b>				
<b>REITs</b>				
AME Real Estate Investment Trust	120,200	152,654	141,444	1.03
Axis Real Estate Investment Trust	291,722	536,768	557,316	3.64
	<u>411,922</u>	<u>689,422</u>	<u>698,760</u>	<u>4.67</u>
<b>Total quoted Shariah-compliant CIS</b>	<u>411,922</u>	<u>689,422</u>	<u>698,760</u>	<u>4.67</u>

## Amlslamic Growth

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

Details of Shariah-compliant investments as at 30 September 2023 are as follows: (cont'd.)

Name of trust	Number of units	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>Unquoted Shariah-compliant CIS</b>				
Amlslamic Global SRI*	358,941	379,149	358,680	2.57
<b>Total unquoted Shariah-compliant CIS</b>	<b>358,941</b>	<b>379,149</b>	<b>358,680</b>	<b>2.57</b>
<b>Total financial assets at FVTPL</b>	<b>6,591,688</b>	<b>11,973,489</b>	<b>11,648,794</b>	<b>81.17</b>
<b>Excess of fair value over purchased cost</b>		<b>324,695</b>		

\* This CIS is managed by the Manager.

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

	Note	2023 RM	2022 RM
<b>(a) Due from Manager</b>			
Creation of units	(i)	134,113	68,128
<b>(b) Due to Manager</b>			
Redemption of units	(ii)	-	67,987
Manager's fee payable	(iii)	19,178	19,403
		<b>19,178</b>	<b>87,390</b>

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

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

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

(iii) Manager's fee is at a rate of 1.50% (2022: 1.50%) per annum on the NAV of the Fund, calculated on a daily basis. As the Fund invested in the unquoted CIS, the Manager's fee related to the CIS has been charged by the Manager.

According to Securities Commission Malaysia's Guidelines on Private Retirement Schemes, the management fee can only be charged once and hence, no management fee can be charged on the NAV of the unquoted CIS of this Fund to avoid double charging of management fee.

## Amlslamic Growth

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 5. 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.

#### 6. AMOUNT DUE FROM/TO BROKERS

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

#### 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.

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

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

	2023 RM	2022 RM
Net gain/(loss) on financial assets at FVTPL comprised:		
– Net realised gain/(loss) on sale of Shariah-compliant investments	125,739	(288,827)
– Net unrealised gain/(loss) on changes in fair value of Shariah-compliant investments	814,127	(2,379,237)
	<u>939,866</u>	<u>(2,668,064)</u>

#### 9. TOTAL EQUITY

Total equity is represented by:

	Note	2023 RM	2022 RM
Unit holders' capital	(a)	(8,002,041)	(8,176,732)
Retained earnings			
– Realised income	(b)	22,428,304	22,125,316
– Unrealised gain/(loss)	(c)	324,695	(489,432)
		<u>14,750,958</u>	<u>13,459,152</u>

## Amlslamic Growth

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

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

	2023		2022	
	Number of units	RM	Number of units	RM
At beginning of the financial year	27,530,344	(8,176,732)	26,400,320	(8,753,676)
Creation during the financial year	3,839,264	1,946,948	5,390,227	2,923,480
Reinvestment of distribution	206,864	109,720	-	-
Cancellation during the financial year	(3,686,432)	(1,881,977)	(4,260,203)	(2,346,536)
At end of the financial year	<u>27,890,040</u>	<u>(8,002,041)</u>	<u>27,530,344</u>	<u>(8,176,732)</u>

The negative balance of unit holders' capital is 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

	2023 RM	2022 RM
At beginning of the financial year	22,125,316	22,250,596
Net realised gain/(loss) for the financial year	412,708	(125,280)
Distribution out of realised income (Note 12)	(109,720)	-
At end of the financial year	<u>22,428,304</u>	<u>22,125,316</u>

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

	2023 RM	2022 RM
Gross realised - distributable	22,428,304	22,125,316
Unit holders' capital	(8,002,041)	(8,176,732)
At end of the financial year	<u>14,426,263</u>	<u>13,948,584</u>

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

	2023 RM	2022 RM
At beginning of the financial year	(489,432)	1,889,805
Net unrealised gain/(loss) for the financial year	814,127	(2,379,237)
At end of the financial year	<u>324,695</u>	<u>(489,432)</u>

## Amlslamic Growth

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

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

<u>Related parties</u>	<u>Relationships</u>
AmFunds Management Berhad	The Manager
AmInvestment Bank Berhad	Holding company of the Manager
AMMB Holdings Berhad ("AMMB")	Ultimate holding company of the Manager
Subsidiaries and associates of AMMB as disclosed in its financial statements	Subsidiaries and associate companies of the ultimate holding company of the Manager

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

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>(i) Significant related party transactions</b>		
<u>AmFunds Management Berhad</u> Distribution income	718	5,310
<u>AmBank Islamic Berhad</u> Profit income	77,388	50,021
<b>(ii) Significant related party balances</b>		
<u>AmBank Islamic Berhad</u> Cash at bank	2,638,272	2,613,236

#### 11. TAXATION

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Local tax	2,779	1,914

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

The taxation charge for the financial year is related to withholding tax derived from local REITs.

## Amlslamic Growth

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 11. TAXATION (CONT'D.)

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Net income/(loss) before taxation	<u>1,229,614</u>	<u>(2,502,603)</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	295,107	(600,625)
Tax effects of:		
Income not subject to tax	(361,556)	(113,580)
Loss not allowed for tax deduction	-	640,335
Restriction on tax deductible expenses for unit trust fund	45,951	47,259
Non-permitted expenses for tax purposes	18,171	23,274
Permitted expenses not used and not available for future financial years	<u>5,106</u>	<u>5,251</u>
Tax expense for the financial year	<u>2,779</u>	<u>1,914</u>

#### 12. DISTRIBUTION

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

	<b>2023</b>
	<b>RM</b>
Dividend income	285,249
Profit income	44,079
Net realised gain on sale of investments	<u>71,618</u>
	400,946
Less: Expenses	(288,447)
Taxation	<u>(2,779)</u>
Total amount of distribution	<u>109,720</u>
Gross distribution per unit (sen)	<u>0.40</u>
Net distribution per unit (sen)	<u>0.40</u>
Distribution made out of:	
- Realised income [Note 9(b)]	<u>109,720</u>
Comprising:	
Reinvestment of distribution [Note 9(a)]	<u>109,720</u>



## Amlslamic Growth

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

Details of distribution to unit holders for the current financial year are as follows:

##### Financial year ended 30 September 2023

Distribution Ex-date	Gross distribution per unit RM (sen)	Net distribution per unit RM (sen)	Total distribution RM
22 September 2023	0.40	0.40	109,720

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.

#### 13. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	2023 % p.a.	2022 % p.a.
Manager’s fee	1.45	1.46
Trustee’s fee	0.06	0.06
Fund’s other expenses	0.18	0.18
Total TER	1.69	1.70

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

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

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of Shariah-compliant investments to the average NAV of the Fund calculated on a daily basis, is 0.37 times (2022: 0.56 times).

## Amlslamic Growth

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 15. SEGMENTAL REPORTING

The Manager and Investment Committee of the Fund are responsible for allocating resources available to the Fund in accordance with the overall investment strategies as set out in the Investment Guidelines of the Fund. The Fund is managed by two segments:

- A portfolio of Shariah-compliant equity instruments; and
- A portfolio of Shariah-compliant CIS.

The investment objective of each segment is to achieve consistent returns from the Shariah-compliant investments in each segment while safeguarding capital by investing in diversified portfolios. There have been no changes in reportable segments in the current financial year.

	Equity portfolio RM	CIS portfolio RM	Fixed income portfolio RM	Total RM
<b>2023</b>				
Dividend/Distribution income	465,844	34,963	-	500,807
Profit income	-	-	77,388	77,388
Net gain from Shariah-compliant investments:				
- Financial assets at FVTPL	904,507	35,359	-	939,866
Total segment investment income for the financial year	<u>1,370,351</u>	<u>70,322</u>	<u>77,388</u>	<u>1,518,061</u>
Financial assets at FVTPL	10,904,918	1,068,571	-	11,973,489
Dividend/Distribution receivables	38,858	718	-	39,576
Total segment assets	<u>10,943,776</u>	<u>1,069,289</u>	<u>-</u>	<u>12,013,065</u>
<b>2022</b>				
Dividend/Distribution income	399,004	32,200	-	431,204
Profit income	-	-	50,021	50,021
Net losses from Shariah-compliant investments:				
- Financial assets at FVTPL	(2,600,042)	(68,022)	-	(2,668,064)
Total segment investment income for the financial year	<u>(2,201,038)</u>	<u>(35,822)</u>	<u>50,021</u>	<u>(2,186,839)</u>

## Amlslamic Growth

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 15. SEGMENTAL REPORTING (CONT'D.)

	Equity portfolio RM	CIS portfolio RM	Fixed income portfolio RM	Total RM
<b>2022</b>				
Financial assets at FVTPL	9,827,278	1,048,036	-	10,875,314
Amount due from brokers	101,310	-	-	101,310
Dividend/Distribution receivables	47,028	-	-	47,028
Total segment assets	<u>9,975,616</u>	<u>1,048,036</u>	<u>-</u>	<u>11,023,652</u>
Amount due to brokers	<u>97,022</u>	<u>42,883</u>	<u>-</u>	<u>139,905</u>
Total segment liability	<u>97,022</u>	<u>42,883</u>	<u>-</u>	<u>139,905</u>

Expenses of the Fund are not considered part of the performance of any investment segment. The following table provides reconciliation between the net reportable segment income/(loss) and net income/(loss) after taxation:

	2023 RM	2022 RM
Net reportable segment investment income/(loss)	1,518,061	(2,186,839)
Less: Expenses	<u>(288,447)</u>	<u>(315,764)</u>
Net income/(loss) before taxation	1,229,614	(2,502,603)
Taxation	<u>(2,779)</u>	<u>(1,914)</u>
Net income/(loss) after taxation	<u>1,226,835</u>	<u>(2,504,517)</u>

In addition, certain assets and liabilities are not considered to be part of the net assets or liabilities of an individual segment. The following table provides reconciliation between the net reportable segment assets and liabilities and total assets and liabilities of the Fund.

	2023 RM	2022 RM
Total segment assets	12,013,065	11,023,652
Amount due from Manager	134,113	68,128
Other receivables	289	289
Cash at bank	<u>2,638,273</u>	<u>2,613,235</u>
Total assets of the Fund	<u>14,785,740</u>	<u>13,705,304</u>

## Amlslamic Growth

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 15. SEGMENTAL REPORTING (CONT'D.)

	2023	2022
	RM	RM
Total segment liabilities	-	139,905
Amount due to Manager	19,178	87,390
Amount due to Trustee	720	708
Sundry payables and accruals	14,884	18,149
Total liabilities of the Fund	<u>34,782</u>	<u>246,152</u>

#### 16. TRANSACTIONS WITH THE BROKERS

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

	Transaction value		Brokerage fee, stamp duty and clearing fee	
	RM	%	RM	%
RHB Investment Bank Berhad	2,682,484	25.39	12,787	26.69
AmlInvestment Bank Berhad*	2,356,534	22.31	10,059	21.00
Maybank Investment Bank Berhad	2,309,928	21.87	11,303	23.60
Hong Leong Investment Bank Berhad	1,083,183	10.26	4,670	9.75
Public Investment Bank Berhad	753,881	7.14	2,935	6.13
J.P. Morgan Securities (Malaysia) Sdn. Bhd.	653,966	6.19	2,669	5.57
Affin Investment Berhad	478,346	4.53	2,308	4.82
KAF Seagroatt & Campbell Securities Sdn. Bhd.	126,266	1.20	546	1.14
CGS – CIMB Securities Sdn. Bhd.	117,450	1.11	622	1.30
Total	<u>10,562,038</u>	<u>100.00</u>	<u>47,899</u>	<u>100.00</u>

\* A financial institution related to the Manager.

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 listed securities and quoted Shariah-compliant CIS. Transactions in unquoted Shariah-compliant CIS do not involve any commission or brokerage.

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

**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.

	<b>Financial assets at FVTPL RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>2023</b>				
<b>Assets</b>				
Shariah-compliant investments	11,973,489	-	-	11,973,489
Amount due from Manager	-	134,113	-	134,113
Other receivable	-	289	-	289
Dividend/Distribution receivables	-	39,576	-	39,576
Cash at bank	-	2,638,273	-	2,638,273
<b>Total financial assets</b>	<b>11,973,489</b>	<b>2,812,251</b>	<b>-</b>	<b>14,785,740</b>
<b>Liabilities</b>				
Amount due to Manager	-	-	19,178	19,178
Amount due to Trustee	-	-	720	720
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>19,898</b>	<b>19,898</b>
<b>2022</b>				
<b>Assets</b>				
Shariah-compliant investments	10,875,314	-	-	10,875,314
Amount due from Manager	-	68,128	-	68,128
Amount due from brokers	-	101,310	-	101,310
Other receivable	-	289	-	289
Dividend/Distribution receivables	-	47,028	-	47,028
Cash at bank	-	2,613,235	-	2,613,235
<b>Total financial assets</b>	<b>10,875,314</b>	<b>2,829,990</b>	<b>-</b>	<b>13,705,304</b>
<b>Liabilities</b>				
Amount due to Manager	-	-	87,390	87,390
Amount due to Trustee	-	-	708	708
Amount due to broker	-	-	139,905	139,905
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>228,003</b>	<b>228,003</b>

## Amlslamic Growth

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

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

	Income, expenses, gains and losses	
	2023 RM	2022 RM
Net gain/(loss) from financial assets at FVTPL	939,866	(2,668,064)
Income, of which derived from:		
– Dividend/Distribution income from financial assets at FVTPL	500,807	431,204
– Profit income from financial assets at amortised cost	<u>77,388</u>	<u>50,021</u>

##### (b) Financial instruments that are carried at fair value

The Fund's financial assets and liabilities are carried at fair value.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable; either directly or indirectly; or

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

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	<u>11,594,340</u>	<u>379,149</u>	<u>-</u>	<u>11,973,489</u>
<b>2022</b>				
Financial assets at FVTPL	<u>10,537,120</u>	<u>338,194</u>	<u>-</u>	<u>10,875,314</u>

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

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

**(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value due to their short period to maturity or short credit period:

- Amount due from/to Manager
- Dividend/Distribution receivables
- Amount due from/to brokers
- 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.

**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, Shariah non-compliance risk and reclassification of Shariah status 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 Market 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) Price risk**

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

The result below summarised the price risk sensitivity of the Fund's NAV due to movements of price by -5.00% and +5.00% respectively:

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

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

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

**(i) Price risk (cont'd.)**

Percentage movements in price by:	Sensitivity of the Fund's	
	2023	NAV
	RM	2022
		RM
-5.00%	(598,674)	(543,766)
+5.00%	<u>598,674</u>	<u>543,766</u>

**(ii) Profit rate risk**

Profit rate risk will affect the value of the Fund's Shariah-compliant investments, given the profit rate 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.

**(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. Credit risk applies to Shariah-compliant deposits and dividend/distribution receivables. The issuer of such instruments may not be able to fulfill the required profit payments or repay the principal invested or amount owing. These risks may cause the Fund's Shariah-compliant investments to fluctuate in value.

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

**(c) Liquidity risk**

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial 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 deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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 the 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.

**(i) Reclassification of Shariah status risk**

This risk refers to the risk that the currently held Shariah-compliant equities in the Fund may be reclassified as Shariah non-compliant in the periodic review of the equities by the SACSC, the Shariah adviser or the Shariah boards of the relevant Islamic Indices. If this occurs, the Manager will take the necessary steps to dispose such equities.

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

**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 30 September 2023 and 30 September 2022.

## **AmIslamic Growth**

### **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 Growth (“the Fund”) as at 30 September 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  
20 November 2023

## **TRUSTEE'S REPORT**

To the unit holders of **AMISLAMIC GROWTH** ("Fund"),

We have acted as Trustee of the Fund for the financial year ended 30 September 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 the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For **AMANAHRAYA TRUSTEES BERHAD**

**ZAINUDIN BIN SUHAIMI**

Chief Executive Officer

Date: 7 November 2023

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

To the unit holders of AmIslamic Growth ("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: 20 November 2023

## MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of Global Islamic Equity ("Fund") for the financial year ended 30 September 2023.

### Salient Information of the Fund

<b>Name</b>	Global Islamic Equity ("Fund")
<b>Category/ Type</b>	Feeder Fund (Global Islamic equity) / Capital growth
<b>Name of Target Fund</b>	Oasis Crescent Global Equity Fund
<b>Objective</b>	<p>The Fund seeks to achieve moderate capital and income* appreciation over a medium to long-term by investing in shares of global Shariah-compliant companies.</p> <p><i>Note:</i>  * The income could be in the form of units or cash.  Any material change to the investment objective of the Fund would require Unit Holders' approval.</p>
<b>Duration</b>	The Fund was established on 21 April 2006 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>Dow Jones Islamic Market Index ("DJIM")  (Available at <a href="http://www.aminvest.com">www.aminvest.com</a>)</p> <p><i>Note: The risk profile of the performance benchmark is not the same as the risk profile of the Fund.</i></p> <p><i>The Dow Jones Islamic Market Index (the "Index") is a product of S&amp;P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by AmFunds Management Berhad. S&amp;P® is a registered trademark of S&amp;P Global ("S&amp;P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); Global Islamic Equity are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&amp;P, any of their respective affiliates (collectively, "S&amp;P Dow Jones Indices"). S&amp;P Dow Jones Indices makes no representation or warranty, express or implied, to the owners of the Global Islamic Equity or any member of the public regarding the advisability of investing in securities generally or in Global Islamic Equity particularly or the ability of the Dow Jones Islamic Market Index to track general market performance. S&amp;P Dow Jones Indices' only relationship to AmFunds Management Berhad with respect to the Dow Jones Islamic Market Index is the licensing of the Index and certain trademarks, service marks and/or trade names of S&amp;P Dow Jones Indices and/or its licensors. The Dow Jones Islamic Market Index is determined, composed and calculated by S&amp;P Dow Jones Indices without regard to AmFunds Management Berhad or the Global Islamic Equity. S&amp;P Dow Jones Indices have no obligation to take the needs of AmFunds Management Berhad or the owners of Global Islamic Equity into consideration in determining, composing or calculating the Dow Jones Islamic Market Index. S&amp;P Dow Jones Indices are not responsible for and have not participated in the determination of the prices, and amount of Global Islamic Equity or the timing of the issuance or sale of Global</i></p>

	<i>Islamic Equity or in the determination or calculation of the equation by which Global Islamic Equity is to be converted into cash, surrendered or redeemed, as the case may be. S&amp;P Dow Jones Indices have no obligation or liability in connection with the administration, marketing or trading of Global Islamic Equity. There is no assurance that investment products based on the Dow Jones Islamic Market Index will accurately track index performance or provide positive investment returns. S&amp;P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within an index is not a recommendation by S&amp;P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.</i>
<b>Income Distribution Policy</b>	Income distribution (if any) is paid at least once a year.

## Fund Performance Data

<b>Portfolio Composition</b>	Details of portfolio composition of the Fund as at 30 September are as follows:		
	<b>As at 30 September</b>		
	<b>2023</b> %	<b>2022</b> %	<b>2021</b> %
Foreign collective investment scheme	97.74	97.31	96.93
Money market deposits and cash equivalents	2.26	2.69	3.07
<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>		
<b>Performance Details</b>	Performance details of the Fund for the financial years ended 30 September are as follows:		
	<b>FYE</b> <b>2023</b>	<b>FYE</b> <b>2022</b>	<b>FYE</b> <b>2021</b>
Net asset value (RM)	7,384,093	7,592,397	9,153,258
Units in circulation	6,359,852	7,475,989	8,058,918
Net asset value per unit (RM)	1.1610	1.0156	1.1358
Highest net asset value per unit (RM)	1.2015	1.2226	1.2028
Lowest net asset value per unit (RM)	1.0182	1.0156	0.9267
Benchmark performance (%)	22.39	-15.96	23.19
Total return (%) <sup>(1)</sup>	14.33	-10.58	19.52
- Capital growth (%)	14.33	-10.58	19.52
Total expense ratio (%) <sup>(2)</sup>	0.62	0.42	0.46
Portfolio turnover ratio (times) <sup>(3)</sup>	0.09	0.04	0.04
	<b>Note:</b>		
	<i>(1) Total return is the actual return of the Fund for the respective financial years computed based on the net asset value per unit and net of all fees.</i>		
	<i>(2) Total expense ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis. The TER increased by 0.20% as compared to 0.42% per annum for the financial year ended 30 September 2022 mainly due to increase in expenses.</i>		
	<i>(3) Portfolio turnover ratio ("PTR") is calculated based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis. The increase in the PTR for 2023 was due mainly to investing activities.</i>		

**Average Total Return (as at 30 September 2023)**

	<b>Global Islamic Equity<sup>(a)</sup></b> %	<b>DJIM<sup>(b)</sup></b> %
One year	14.33	22.39
Three years	6.91	8.21
Five years	4.54	9.88
Ten years	5.20	11.91

**Annual Total Return**

<b>Financial Years Ended (30 September)</b>	<b>Global Islamic Equity<sup>(a)</sup></b> %	<b>DJIM<sup>(b)</sup></b> %
2023	14.33	22.39
2022	-10.58	-15.96
2021	19.52	23.19
2020	4.59	23.46
2019	-2.31	2.42

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

(b) The Dow Jones Islamic Market Index ("DJIM").

(Available at [www.aminvest.com](http://www.aminvest.com))

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**

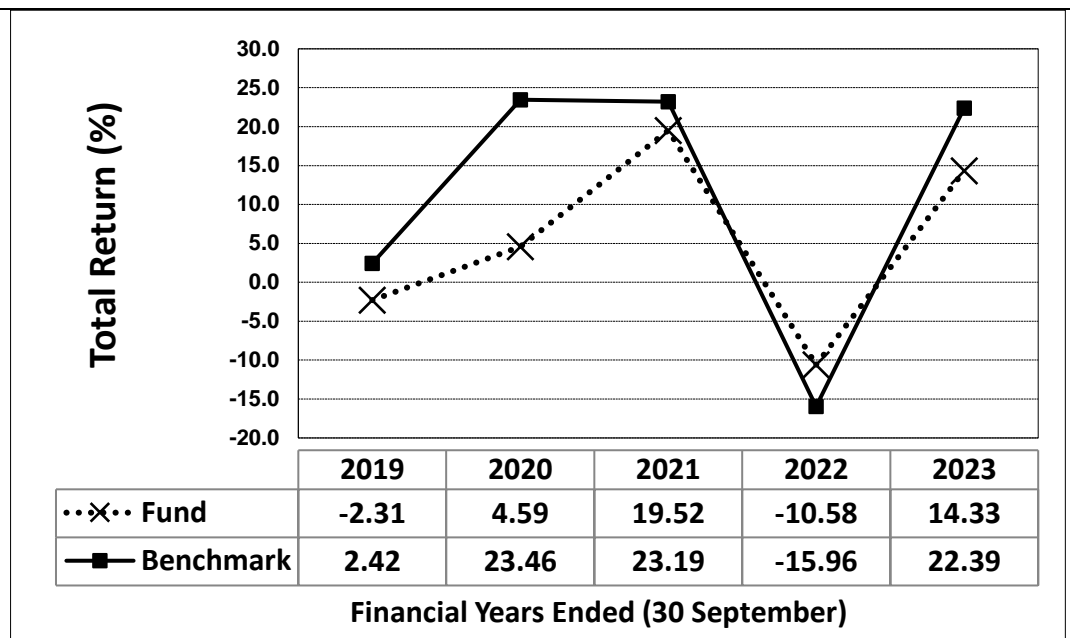
For the financial year under review, the Fund registered a return of 14.33% which is entirely capital growth in nature.

Thus, the Fund's return of 14.33% has underperformed the benchmark's return of 22.39% by 8.06%.

As compared with the financial year ended 30 September 2022, the net asset value ("NAV") per unit of the Fund increased by 14.32% from RM1.0156 to RM1.1610, while units in circulation decreased by 14.93% from 7,475,989 units to 6,359,852 units.

The following line chart shows comparison between the annual performances of Global Islamic Equity and its benchmark, DJIM, for the financial years ended 30 September.





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

**Performance of the Target Fund**

**Fund Performance review of the Target Fund - Oasis Crescent Global Equity Fund (“the Target Fund”)**

Annualised Returns								
Annualised Returns	% Growth 1 year	% Growth 3 year	% Growth 5 year	% Growth 7 year	% Growth 10 year	% Growth 15 year	% Growth 20 year	Return Since Inception
	Annualised							
Oasis Crescent Global Equity Fund	13.7	3.1	2.2	3.0	3.7	5.0	6.2	6.1
Benchmark	25.4	8.0	6.3	7.7	6.3	5.0	5.3	2.9

Performance (% returns) in USD Net-of-Fees Gross of Non Permissible Income of the OCGEF since inception to 30 September 2023.  
(Source: Oasis Research; Morningstar Direct; Bloomberg: December 2000 – September 2023)

*Source: Oasis Research; Morningstar Direct; Bloomberg: September 2023*

**Strategies and Policies Employed**

**Strategies and Policies employed by Target Fund**

So far during 2023 we have seen increased volatility in Global equity markets due to distress in the banking sector in the US and Europe which has been driven by unrealized losses on bond portfolios held by banks following the rapid increase in interest rates over the past year. Companies in a number of sectors continue to face margin pressure due to not being able to pass on all the inflationary cost pressure to customers. A more volatile environment is suitable for the Oasis philosophy which is focused on selecting high quality companies that are priced below intrinsic value and this environment provides attractive opportunities for the implementation of our philosophy. As we move from a period of abundance in liquidity and monetary easing over the past ten years to a period of monetary tightening, rising geo-political risk and higher volatility we enter an environment that perfectly suits the Oasis investment philosophy to take advantage of opportunities in the market. Your portfolio is focused on companies with market leadership, strong competitive advantages, sustainability, outstanding management, delivering high levels of profitability and cash flow and priced below intrinsic value.

*Source: Oasis Research: September 2023*

	<p><b>Strategies and Policies of the Fund</b></p> <p>For the financial year under review, the Fund strategy was to invest a minimum of 95% of the Fund’s NAV in the share class denominated in USD of the Oasis Crescent Global Equity Fund (Target Fund).</p>																																												
<p><b>Target Fund’s Top 10 Holdings</b></p>	<p><b><u>As at 30 September 2022</u></b></p> <table border="1" data-bbox="395 389 1481 775"> <thead> <tr> <th><b>Top Holdings</b></th> <th><b>% of NAV</b></th> </tr> </thead> <tbody> <tr><td>Johnson &amp; Johnson</td><td>6.2</td></tr> <tr><td>ChevronTexaco Corp Com</td><td>5.0</td></tr> <tr><td>Pfizer Inc</td><td>5.0</td></tr> <tr><td>Elevance Health Inc</td><td>4.8</td></tr> <tr><td>CVS Health Corp</td><td>4.7</td></tr> <tr><td>Verizon Communications</td><td>4.2</td></tr> <tr><td>AT &amp; T Inc</td><td>3.7</td></tr> <tr><td>Oracle Corporation</td><td>3.2</td></tr> <tr><td>Samsung Electronics-GDR</td><td>3.1</td></tr> <tr><td>Apple Inc</td><td>2.9</td></tr> </tbody> </table> <p><b><u>As at 30 September 2023</u></b></p> <table border="1" data-bbox="395 875 1481 1261"> <thead> <tr> <th><b>Top Holdings</b></th> <th><b>% of NAV</b></th> </tr> </thead> <tbody> <tr><td>ChevronTexaco Corp Com</td><td>5.33</td></tr> <tr><td>Johnson &amp; Johnson</td><td>4.86</td></tr> <tr><td>Verizon Communications</td><td>4.14</td></tr> <tr><td>Elevance Health Inc</td><td>4.07</td></tr> <tr><td>Samsung Electronics GDR</td><td>4.06</td></tr> <tr><td>Exxon Mobil</td><td>3.83</td></tr> <tr><td>AT&amp;T Inc</td><td>3.68</td></tr> <tr><td>Mayr Melnhof Karton</td><td>3.43</td></tr> <tr><td>Pfizer Inc</td><td>3.38</td></tr> <tr><td>CVS Health Corp</td><td>3.03</td></tr> </tbody> </table> <p><i>Source: Oasis Research: September 2023</i></p>	<b>Top Holdings</b>	<b>% of NAV</b>	Johnson & Johnson	6.2	ChevronTexaco Corp Com	5.0	Pfizer Inc	5.0	Elevance Health Inc	4.8	CVS Health Corp	4.7	Verizon Communications	4.2	AT & T Inc	3.7	Oracle Corporation	3.2	Samsung Electronics-GDR	3.1	Apple Inc	2.9	<b>Top Holdings</b>	<b>% of NAV</b>	ChevronTexaco Corp Com	5.33	Johnson & Johnson	4.86	Verizon Communications	4.14	Elevance Health Inc	4.07	Samsung Electronics GDR	4.06	Exxon Mobil	3.83	AT&T Inc	3.68	Mayr Melnhof Karton	3.43	Pfizer Inc	3.38	CVS Health Corp	3.03
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<p><b>Portfolio Structure</b></p>	<p>The table below is the asset allocation of the Fund as at 30 September 2023 and 30 September 2022.</p> <table border="1" data-bbox="395 1464 1469 1738"> <thead> <tr> <th></th> <th><b>As at 30.09.2023 %</b></th> <th><b>As at 30.09.2022 %</b></th> <th><b>Changes %</b></th> </tr> </thead> <tbody> <tr> <td>Foreign collective investment scheme</td> <td>97.74</td> <td>97.31</td> <td>0.43</td> </tr> <tr> <td>Money market deposits and cash equivalents</td> <td>2.26</td> <td>2.69</td> <td>-0.43</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>As at 30 September 2023, the Fund invested 97.74% of its NAV in the foreign collective investment scheme and the balance of 2.26% of its NAV in money market deposits and cash equivalents.</p>		<b>As at 30.09.2023 %</b>	<b>As at 30.09.2022 %</b>	<b>Changes %</b>	Foreign collective investment scheme	97.74	97.31	0.43	Money market deposits and cash equivalents	2.26	2.69	-0.43	<b>Total</b>	<b>100.00</b>	<b>100.00</b>																													
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<p><b>Securities Lending / Repurchase Transactions</b></p>	<p>The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”).</p>																																												

<b>Cross Trade</b>	There were no cross trades undertaken during the financial year under review.
<b>Distribution/ Unit splits</b>	There is no income distribution and unit split declared for the financial year under review.
<b>State of Affairs</b>	There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial year under review.
<b>Rebates and Soft Commission</b>	During the year, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.
<b>Market Review</b>	<p>In its July World Economic Outlook (WEO) update, the International Monetary Fund (IMF) warned that the global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine was slowing. The IMF expects that global Gross Domestic Product (GDP) growth will slow to 3.0% in both 2023 and 2024, having expanded 3.5% in 2022. At these rates, global growth remains weak by historical standards mainly reflecting the rapid increase in central bank policy rates over the past year to fight inflation which will continue to weigh on economic activity looking ahead. The most rapid interest rate hike cycle since the 1980s has seen the Federal Reserve increase the Funds Rate from 0.0% to 5.50% in the space of just 16 months. The impact on economic growth and credit extension is only just becoming apparent given the long impact lags from monetary policy. Although inflation has made a welcome decline from the 4-decade highs it reached in mid-2022, headline and core rates are still well above central banks targets around 2%. As a result, central banks continue to signal that policy rates will have to remain higher for longer in order to ensure that inflation returns to target leading to volatility in financial market assets. Most notably, the US 10 year benchmark bond yield rose significantly over Q3 2023 by around 0.7% to 4.5%, reflecting a sharp increase in the cost of borrowing. On the one hand, banks in advanced economies have significantly tightened lending standards, curtailing the supply of credit while on the other, higher interest rates have raised the debt service cost of countries leading to fiscal 'crowding out' of spending on infrastructure and social priorities.</p> <p><i>Source: Oasis Research: September 2023</i></p>
<b>Market Outlook</b>	<p>Despite numerous headwinds to global growth, resilient consumer spending supported by savings drawdowns and tight labour markets in advanced economies combined with the reopening of China in late 2022 helped to stabilise the global economic outlook in H1 2023. Incoming data does point to weakness in goods producing sectors and in global trade, which has been partially offset by stronger services sector activity. Amid a more challenging global financial environment, there is evidence that firms are scaling back on investment in productive capacity which will act as a headwind to international trade and manufacturing output. Meanwhile, the economic rebound in China has showed signs of moderating over Q2 2023 as concerns about its property sector have grown. Against this backdrop, confirmation of a peak in the interest rate cycle could act as a major boost to economic and financial sentiment. However, central banks remain between a rock and a hard place. In order to ensure that inflation returns to target over the medium term whilst also preventing inflation expectations from becoming unanchored and feeding into elevated wage settlements requires keeping policy rates at levels which most economies in the world have become unaccustomed to over the past decade. However, tight monetary policy comes at a cost, slowing economic activity, weakening job creation, increasing the cost of borrowing and contributing to financial market volatility. Factors that could boost global growth are: 1) Peak in the</p>

	<p>global interest rate cycle; 2) Lower energy prices; 3) Renewed monetary &amp; fiscal policy support, including reindustrialization in the West; 4) Cessation of war in Ukraine; and 5) Technology led improvement in productivity. Factors that could constrain global growth are: 1) Higher global oil prices, raising inflation rates and leading to continued monetary policy tightening; 2) Worsening financial sector volatility and tightening of credit availability; 3) Disorderly unwind of Chinese property market; 4) significant unwinding of advanced economy housing markets; and 5) Disruption from technology on labour markets, especially AI.</p> <p>Source: Oasis Research: September 2023</p> <p><i>Source: Oasis Research, Bloomberg statistics, IMF World Economic Outlook</i></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

20 November 2023

## **Independent auditors' report to the unit holders of Global Islamic Equity**

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

#### *Opinion*

We have audited the financial statements of Global Islamic Equity (“the Fund”), which comprise the statement of financial position as at 30 September 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 246 to 269.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 September 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  
Global Islamic Equity (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.

*Auditors' responsibilities for the audit of the financial statements*

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

## **Independent auditors' report to the unit holders of Global Islamic Equity (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 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  
Global Islamic Equity (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  
20 November 2023



## Global Islamic Equity

### STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	Note	2023 RM	2022 RM
<b>ASSETS</b>			
Shariah-compliant investment	4	7,217,557	7,387,945
Shariah-compliant deposit with a licensed financial institution	5	173,028	252,017
Cash at banks		6,264	5,899
<b>TOTAL ASSETS</b>		<u>7,396,849</u>	<u>7,645,861</u>
<b>LIABILITIES</b>			
Amount due to Manager	6	400	37,911
Amount due to Trustee	7	433	473
Sundry payables and accruals		11,923	15,080
<b>TOTAL LIABILITIES</b>		<u>12,756</u>	<u>53,464</u>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<u>7,384,093</u>	<u>7,592,397</u>
<b>EQUITY</b>			
Unit holders' capital	9(a)	1,394,286	2,631,038
Retained earnings	9(b)(c)	5,989,807	4,961,359
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	9	<u>7,384,093</u>	<u>7,592,397</u>
<b>UNITS IN CIRCULATION</b>	9(a)	<u>6,359,852</u>	<u>7,475,989</u>
<b>NAV PER UNIT (RM)</b>		<u>1.1610</u>	<u>1.0156</u>

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

## Global Islamic Equity

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 RM	2022 RM
<b>SHARIAH-COMPLIANT INVESTMENT INCOME/(LOSS)</b>			
Distribution income		39,070	18,816
Profit income		5,451	4,355
Rebate fee income from Target Fund Manager		14,843	17,384
Net gain/(loss) from Shariah-compliant investment:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	1,021,499	(905,032)
Other net realised (loss)/gain on foreign currency exchange		(5,603)	1,249
		<u>1,075,260</u>	<u>(863,228)</u>
<b>EXPENDITURE</b>			
Manager’s fee	6	(3,442)	(4,119)
Trustee’s fee	7	(5,285)	(6,246)
Audit fee		(7,600)	(7,600)
Tax agent’s fee		(3,800)	(3,800)
Custodian’s fee		(10,847)	(5,550)
Other expenses		(15,838)	(10,417)
		<u>(46,812)</u>	<u>(37,732)</u>
<b>Net income/(loss) before taxation</b>		1,028,448	(900,960)
<b>Taxation</b>	11	-	-
<b>Net income/(loss) after taxation, representing total comprehensive income/(loss) for the financial year</b>		<u>1,028,448</u>	<u>(900,960)</u>
Total comprehensive income/(loss) comprises the following:			
Realised income		313,701	163,002
Unrealised gain/(loss)		714,747	(1,063,962)
		<u>1,028,448</u>	<u>(900,960)</u>

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

## Global Islamic Equity

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

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 October 2022		2,631,038	4,961,359	7,592,397
Total comprehensive income for the financial year		-	1,028,448	1,028,448
Creation of units	9(a)	6,356	-	6,356
Cancellation of units	9(a)	(1,243,108)	-	(1,243,108)
Balance at 30 September 2023		<u>1,394,286</u>	<u>5,989,807</u>	<u>7,384,093</u>
At 1 October 2021		3,290,939	5,862,319	9,153,258
Total comprehensive loss for the financial year		-	(900,960)	(900,960)
Cancellation of units	9(a)	(659,901)	-	(659,901)
Balance at 30 September 2022		<u>2,631,038</u>	<u>4,961,359</u>	<u>7,592,397</u>

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

## Global Islamic Equity

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>			
Proceeds from sale of Shariah-compliant investment		1,240,031	617,368
Purchase of Shariah-compliant investment		(53,746)	(36,541)
Distribution received		39,070	18,816
Rebate fee income received		14,843	17,384
Profit received		5,451	4,355
Manager's fee paid		(3,398)	(4,204)
Trustee's fee paid		(5,325)	(6,329)
Tax agent's fee paid		(3,800)	(3,800)
Custodian's fee paid		(10,847)	(5,550)
Payments for other expenses		(26,595)	(18,756)
Net cash generated from operating and investing activities		<u>1,195,684</u>	<u>582,743</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		6,356	-
Payments for cancellation of units		(1,280,664)	(624,373)
Net cash used in financing activities		<u>(1,274,308)</u>	<u>(624,373)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(78,624)	(41,630)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>257,916</u>	<u>299,546</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		<u>179,292</u>	<u>257,916</u>
Cash and cash equivalents comprise:			
Shariah-compliant deposit with a licensed financial institution	5	173,028	252,017
Cash at banks		6,264	5,899
		<u>179,292</u>	<u>257,916</u>

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

## Global Islamic Equity

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 1. GENERAL INFORMATION

Global Islamic Equity (“the Fund”) was established pursuant to a Deed dated 30 March 2006 as amended by Deeds supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, AmanahRaya Trustees Berhad as the Trustee and all unit holders. By 8th Supplementary Master Prospectus dated 20 December 2021, the Fund has changed its name from AmOasis Global Islamic Equity to Global Islamic Equity.

The Fund was set up with the objective of providing investors with moderate capital and income appreciation over a medium to long-term period by investing in shares of Shariah-compliant companies globally. Being a feeder fund, a minimum of 95% of the Fund’s net asset will be invested in the Oasis Crescent Global Equity Fund (“Target Fund”), which is a separate Shariah-compliant unit trust fund managed by Oasis Global Management Company (Ireland) Limited (“Target Fund Manager”). As provided in the Deed, the financial year shall end on 30 September and the units in the Fund were first offered for sale on 21 April 2006.

The financial statements were authorised for issue by the Manager on 20 November 2023.

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

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

##### Standards effective during the financial year

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

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

## Global Islamic Equity

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

##### Standards issued but not yet effective

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

Description	Effective for financial periods beginning on or after
MFRS 17 <i>Insurance Contracts and Amendments to MFRS 17*</i>	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contracts</i> )*	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements:</i> <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements:</i> <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting policies, Changes in Accounting</i> <i>Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes: Deferred Tax related to</i> <i>Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Leases: Lease Liability in a Sale and</i> <i>Leaseback*</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements:</i> <i>Non-Current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 <i>Statement of Cash Flows and MFRS 7</i> <i>Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution</i> <i>of Assets between an Investor and its Associate or Joint Venture*</i>	Deferred

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

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 3.1 Income recognition

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

(i) Distribution income

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

## Global Islamic Equity

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

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

###### (ii) Profit income

Profit income on Shariah-compliant deposits is recognised on an accrual basis using the effective profit method.

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

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

##### 3.2 Income tax

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

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

##### 3.3 Functional and presentation currency

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

##### 3.4 Foreign currency transactions

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

##### 3.5 Statement of cash flows

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

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

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

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

**3.6 Distribution**

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

**3.7 Unit holders' capital**

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

**3.8 Financial assets – initial recognition and measurement**

(i) Initial recognition

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

(ii) Initial measurement

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

(iii) "Day 1" profit or loss

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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 deposits with licensed financial institutions, cash at banks, amount due from Target Fund Manager, amount due from Manager, amount due from brokers/financial institutions, dividend/distribution receivables and other receivables.

*Financial assets at FVOCI*

A financial asset is measured at fair value through other comprehensive income ("FVOCI") if its business model is both to hold the asset to collect contractual cash flows and to sell the financial asset. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and 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 investments are remeasured at fair value. All fair value adjustments are initially recognised through OCI. Debt instruments at FVOCI are subject to impairment assessment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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*

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". Distribution income and profit earned elements of such instruments are recorded separately in "Distribution income" and "Profit income" respectively. Exchange differences on financial assets at FVTPL are not recognised separately in profit or loss but are included in net gain or net loss on changes in fair value of financial assets at FVTPL.

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

The Fund subsequently measures its Shariah-compliant investment in collective investment scheme ("CIS") at FVTPL. Distributions earned whilst holding the Shariah-compliant investment in CIS is recognised in profit or loss when the right to receive the payment has been established. Gains and losses on the Shariah-compliant investment in CIS, realised and unrealised, are included in profit or loss.

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

Financial liabilities issued by the Fund are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holder. After initial measurement, financial liabilities are subsequently measured at amortised cost using the effective profit method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective profit rate.

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

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

**3.11 Derecognition of financial instruments**

(i) Derecognition of financial asset

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

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

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

(ii) Derecognition of financial liability

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

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

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

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

**3.13 Determination of fair value**

For Shariah-compliant investment in CIS, fair value is determined based on the closing NAV per unit of the foreign CIS. Purchased cost is the quoted price that the Fund paid when buying its Shariah-compliant investment. The difference between purchased cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gains or losses recognised in profit or loss are not distributable in nature.

## Global Islamic Equity

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

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

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

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

##### 3.15 Significant accounting estimates and judgments

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

The Fund classifies its Shariah-compliant investment as financial assets at FVTPL as the Fund may sell its Shariah-compliant investment in the short-term for profit-taking or to meet unit 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 INVESTMENT

	2023 RM	2022 RM
<b>Financial asset at FVTPL</b>		
At cost:		
Foreign CIS	<u>5,252,203</u>	<u>6,137,338</u>
At fair value:		
Foreign CIS	<u>7,217,557</u>	<u>7,387,945</u>

## Global Islamic Equity

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

Details of Shariah-compliant investment are as follows:

Foreign CIS	Number of units	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>2023</b>				
Oasis Crescent Global Equity Fund ("Target Fund")	44,698	7,217,557	5,252,203	97.74
<b>Excess of fair value over purchased cost</b>		<b>1,965,354</b>		

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

	2023 RM	2022 RM
At nominal value:		
Short-term deposit	173,000	252,000
At carrying value:		
Short-term deposit	173,028	252,017

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

Maturity date	Financial institution	Nominal value RM	Carrying value RM	Carrying value as a percentage of NAV %
<b>2023</b>				
<b>Short-term deposit</b>				
02.10.2023	CIMB Islamic Bank Berhad	173,000	173,028	2.34

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

	Weighted average effective profit rate		Weighted average remaining maturities	
	2023 %	2022 %	2023 Days	2022 Days
Short-term deposit	3.00	2.50	2	3

## Global Islamic Equity

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 6. AMOUNT DUE TO MANAGER

	Note	2023 RM	2022 RM
<b>Due to Manager</b>			
Redemption of units	(i)	-	37,556
Manager's fee payable	(ii)	400	355
		<u>400</u>	<u>37,911</u>

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

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

(ii) As the Fund is investing in the Target Fund, the Manager's fee is charged as follows:

	2023 % p.a.	2022 % p.a.
Manager's fee charged by the Target Fund Manager, on the NAV of the Target Fund	2.00	2.00
Rebate fee from the Target Fund Manager, on the NAV of the Target Fund	0.20	0.20
Manager's fee charged by the Manager, on the remaining NAV of the Fund (Note a)	1.80	1.80

Note (a) The Manager's fee of the Fund chargeable in the Statement of Comprehensive Income relates to the Fund's NAV other than its investment in the Target Fund.

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

#### 7. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.07% (2022: 0.07%) 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 Trustee's fee payable is one month.

## Global Islamic Equity

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

	2023 RM	2022 RM
Net gain/(loss) on financial assets at FVTPL comprised:		
- Net realised gains on sale of Shariah-compliant investment	235,930	134,486
- Net realised gains on foreign currency exchange	70,822	24,444
- Net unrealised gain/(loss) on changes in fair value of Shariah-compliant investment	747,207	(1,724,888)
- Net unrealised (loss)/gain on foreign currency fluctuation of Shariah-compliant investment denominated in foreign currency	(32,460)	660,926
	<u>1,021,499</u>	<u>(905,032)</u>

#### 9. TOTAL EQUITY

Total equity is represented by:

	Note	2023 RM	2022 RM
Unit holders' capital	(a)	1,394,286	2,631,038
Retained earnings			
- Realised income	(b)	4,024,453	3,710,752
- Unrealised gains	(c)	1,965,354	1,250,607
		<u>7,384,093</u>	<u>7,592,397</u>

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

	2023		2022	
	Number of units	RM	Number of units	RM
At beginning of the financial year	7,475,989	2,631,038	8,058,918	3,290,939
Creation during the financial year	5,384	6,356	-	-
Cancellation during the financial year	<u>(1,121,521)</u>	<u>(1,243,108)</u>	<u>(582,929)</u>	<u>(659,901)</u>
At end of the financial year	<u>6,359,852</u>	<u>1,394,286</u>	<u>7,475,989</u>	<u>2,631,038</u>

## Global Islamic Equity

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

##### (b) Realised – distributable

	2023 RM	2022 RM
At beginning of the financial year	3,710,752	3,547,750
Net realised income for the financial year	313,701	163,002
At end of the financial year	<u>4,024,453</u>	<u>3,710,752</u>

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

	2023 RM	2022 RM
At beginning of the financial year	1,250,607	2,314,569
Net unrealised gain/(loss) for the financial year	714,747	(1,063,962)
At end of the financial year	<u>1,965,354</u>	<u>1,250,607</u>

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

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

<u>Related parties</u>	<u>Relationships</u>
AmFunds Management Berhad	The Manager
AmInvestment Bank Berhad	Holding company of the Manager
AMMB Holdings Berhad (“AMMB”)	Ultimate holding company of the Manager
Subsidiaries and associates of AMMB as disclosed in its financial statements	Subsidiaries and associate companies of the ultimate holding company of the Manager

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

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

	2023 RM	2022 RM
(i) Significant related party balances		
<u>AmBank Islamic Berhad</u>		
Cash at bank	<u>839</u>	<u>869</u>



## Global Islamic Equity

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 11. TAXATION

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

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

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Net income/(loss) before taxation	1,028,448	(900,960)
Taxation at Malaysian statutory rate of 24% (2022: 24%)	246,828	(216,230)
Tax effects of:		
Income not subject to tax	(267,198)	(206,798)
Loss not allowed for tax deduction	9,135	413,973
Restriction on tax deductible expenses for unit trust fund	2,385	2,531
Non-permitted expenses for tax purposes	8,585	6,243
Permitted expenses not used and not available for future financial years	265	281
Tax expense for the financial year	-	-

#### 12. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	<b>2023</b>	<b>2022</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Manager’s fee	0.05	0.05
Trustee’s fee	0.07	0.07
Fund’s other expenses	0.50	0.30
Total TER	0.62	0.42

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.

## Global Islamic Equity

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of Shariah-compliant investment to the average NAV of the Fund calculated on a daily basis, is 0.09 times (2022: 0.04 times).

#### 14. SEGMENTAL REPORTING

As stated in Note 1, the Fund is a feeder fund whereby a minimum of 95% of the Fund’s NAV will be invested in the Target Fund.

As the Fund operates substantially as a feeder fund which invests primarily in the Target Fund, it is not possible or meaningful to classify its Shariah-compliant investment by separate business or geographical segments.

#### 15. TRANSACTIONS WITH THE TARGET FUND MANAGER

Details of transactions with the Target Fund Manager for the financial year ended 30 September 2023 are as follows:

Target Fund Manager	Transaction value	
	RM	%
Oasis Global Management Company (Ireland) Ltd	<u>1,299,379</u>	<u>100.00</u>

The above transactions are in respect of investment in foreign Shariah-compliant CIS. Transactions in this Shariah-compliant investment do not involve any commission or brokerage.

#### 16. 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.

Global Islamic Equity

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

16. 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 investment	7,217,557	-	-	7,217,557
Shariah-compliant deposit with a licensed financial institution	-	173,028	-	173,028
Cash at banks	-	6,264	-	6,264
Total financial assets	<u>7,217,557</u>	<u>179,292</u>	<u>-</u>	<u>7,396,849</u>
<b>Liabilities</b>				
Amount due to Manager	-	-	400	400
Amount due to Trustee	-	-	433	433
Total financial liabilities	<u>-</u>	<u>-</u>	<u>833</u>	<u>833</u>
<b>2022</b>				
<b>Assets</b>				
Shariah-compliant investment	7,387,945	-	-	7,387,945
Shariah-compliant deposit with a licensed financial institution	-	252,017	-	252,017
Cash at banks	-	5,899	-	5,899
Total financial assets	<u>7,387,945</u>	<u>257,916</u>	<u>-</u>	<u>7,645,861</u>
<b>Liabilities</b>				
Amount due to Manager	-	-	37,911	37,911
Amount due to Trustee	-	-	473	473
Total financial liabilities	<u>-</u>	<u>-</u>	<u>38,384</u>	<u>38,384</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			1,021,499	(905,032)
Income, of which derived from:				
- Distribution income from financial assets at FVTPL			39,070	18,816
- Profit income from financial assets at amortised cost			5,451	4,355
- Other net realised (loss)/gain on foreign currency exchange			(5,603)	1,249
			<u>(5,603)</u>	<u>1,249</u>

## Global Islamic Equity

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 16. 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	-	7,217,557	-	7,217,557
<b>2022</b>				
Financial assets at FVTPL	-	7,387,945	-	7,387,945

##### (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:

- Shariah-compliant deposit with a licensed financial institution
- Cash at banks
- Amount due to Manager
- 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.

## Global Islamic Equity

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

The Fund is exposed to a variety of risks that include market risk, credit risk, liquidity risk, single issuer risk, regulatory risk, country risk, management risk, 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 investment coupled with stringent compliance to Shariah-compliant investment 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 Market Products and Services and the Deed as the backbone of risk management of the Fund.

##### (a) Market risk

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

The Fund's market risk is affected primarily by the following risks:

##### (i) Price risk

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

The result below summarised the price risk sensitivity of the Fund's NAV due to movements of price by -5.00% and +5.00% respectively:

Percentage movements in price by:	Sensitivity of the Fund's NAV	
	2023 RM	2022 RM
-5.00%	(360,878)	(369,397)
+5.00%	<u>360,878</u>	<u>369,397</u>

##### (ii) Profit rate risk

Profit rate risk will affect the value of the Fund's Shariah-compliant investment, given the profit rate 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.

## Global Islamic Equity

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

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

##### (ii) Profit rate risk (cont'd.)

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

Parallel shift in yield curve by:	Sensitivity of the Fund's NAV, or theoretical value	
	2023	2022
	RM	RM
+100 bps	(9)	(20)
-100 bps	9	20
	<u>9</u>	<u>20</u>

##### (iii) Currency risk

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

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

Percentage movements in currencies other than the Fund's functional currency:	Sensitivity of the Fund's NAV	
	2023	2022
	RM	RM
-5.00%	(360,995)	(369,513)
+5.00%	360,995	369,513
	<u>360,995</u>	<u>369,513</u>

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

Assets denominated in USD	2023		2022	
	RM equivalent	% of NAV	RM equivalent	% of NAV
Shariah-compliant investment	7,217,557	97.74	7,387,945	97.31
Cash at bank	2,347	0.04	2,318	0.03
	<u>7,219,904</u>	<u>97.78</u>	<u>7,390,263</u>	<u>97.34</u>

## Global Islamic Equity

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

#### 17. 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. Credit risk applies to Shariah-compliant deposits and distribution receivables. The issuer of such instruments may not be able to fulfill the required profit payments or repay the principal invested or amount owing. These risks may cause the Fund's Shariah-compliant investment to fluctuate in value.

The Fund, as a feeder fund, invests significantly all its assets in the Target Fund. The Target Fund manages the risk by setting internal counterparty limits and undertaking internal credit evaluation to minimise such risk.

For Shariah-compliant deposits with licensed financial institutions, the Fund makes placements with financial institution with sound rating of P1/MARC-1 and above. Cash at banks are held for liquidity purposes and are not exposed to significant credit risk.

##### (c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial 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 deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

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

##### (d) Single issuer risk

The Fund, as a feeder fund, invests significantly all its assets in the Target Fund. The Target Fund is restricted from investing in securities issued by any issuer in excess of a certain percentage of its NAV. Under such restriction, the risk exposure to the securities of any single issuer is diversified and managed by the Target Fund Manager 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.

## Global Islamic Equity

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

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

##### (f) Country risk

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

##### (g) Management risk

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

##### (h) Non-compliance risk

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

##### (i) 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.

#### 18. 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 investment.

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 30 September 2023 and 30 September 2022.



## **Global Islamic Equity**

### **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 Global Islamic Equity (“the Fund”) as at 30 September 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

20 November 2023

## **TRUSTEE'S REPORT**

To the unit holders of **GLOBAL ISLAMIC EQUITY** ("Fund"),

We have acted as Trustee of the Fund for the financial year ended 30 September 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.

For **AMANAHRAYA TRUSTEES BERHAD**

**ZAINUDIN BIN SUHAIMI**

Chief Executive Officer

Date: 16 November 2023

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

To the unit holders of Global Islamic Equity ("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: 20 November 2023

## DIRECTORY

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

