

# ANNOUNCEMENT

## NOTICE

**To all Unit Holders of AmIncome Institutional SRI 1**

**RE: Issuance of the Sixth Supplementary Information Memorandum in respect of AmIncome Institutional SRI 1 (formerly known as AmIncome Institutional 1) dated 8 March 2024**

Dear Valued Unit Holders,

We wish to inform you that we have lodged the Sixth Supplementary Information Memorandum in respect of AmIncome Institutional SRI 1 dated and effective 8 March 2024 (the "Sixth Supplementary Information Memorandum") with Securities Commission Malaysia. This Sixth Supplementary Information Memorandum has to be read in conjunction with the Replacement Information Memorandum dated 1 December 2014, the First Supplementary Information Memorandum dated 1 April 2015, the Second Supplementary Information Memorandum dated 10 September 2015, the Third Supplementary Information Memorandum dated 1 April 2017, the Fourth Supplementary Information Memorandum dated 5 July 2019 and the Fifth Supplementary Information Memorandum dated 16 February 2024 for AmIncome Institutional SRI 1.

The Sixth Supplementary Information Memorandum is issued to include the following, but is not limited to:

- update on the change of Fund's name;
- update on the Fund's investment strategy;
- insertion of new section in relation to the Fund's ESG assessment methodology;
- update made to asset allocation;
- update on the permitted investment; and
- insertion of new specific risks associated with the investment portfolio of the Fund.

We also wish to inform you that the Fund is a qualified Sustainable and Responsible Investment (SRI) fund.

For further details, kindly refer to the summary list of key amendments below. Should you require further information and clarification, please do not hesitate to contact us at:

Tel: +603-2032 2888

Fax: +602-2031 5210

Email: [enquiries@aminvest.com](mailto:enquiries@aminvest.com)

**AmFunds Management Berhad**

8 March 2024

**Summary List of Key Amendments for the Sixth Supplementary Information Memorandum in respect of AmIncome Institutional SRI 1 dated 8 March 2024 (the “Sixth Supplementary Information Memorandum”). This Sixth Supplementary Information Memorandum has to be read in conjunction with the Replacement Information Memorandum dated 1 December 2014, the First Supplementary Information Memorandum dated 1 April 2015, the Second Supplementary Information Memorandum dated 10 September 2015, the Third Supplementary Information Memorandum dated 1 April 2017, the Fourth Supplementary Information Memorandum dated 5 July 2019 and the Fifth Supplementary Information Memorandum dated 16 February 2024 for AmIncome Institutional SRI 1.**

Details	Prior disclosure in the Information Memorandums	Revised disclosure in the Sixth Supplementary Information Memorandum
General	AmIncome Institutional 1	The name of the Fund, whichever it appears in the Information Memorandums, is hereby updated to be as “AmIncome Institutional SRI 1”.
Definition	<p><b>Deed</b> The Deed dated 6<sup>th</sup> January 2012 in respect of the Fund and entered in between the Manager and the Trustee as modified by the Supplemental Deed dated 28<sup>th</sup> November 2014, the Second Supplemental Deed dated 25<sup>th</sup> March 2015 and the Third Supplemental Deed dated 30<sup>th</sup> March 2017 all entered into between the same parties and as may be modified by any other subsequent supplemental deed.</p> <p><b>Sophisticated Investor(s)</b> Means any person who comes within any of the categories of investors set out in part 1, Schedule 6 and 7 of the CMSA.</p>	<p><b>Deed</b> The deed dated 6 January 2012 and all supplemental deeds entered into between the Manager and the Trustee in relation to the Fund.</p> <p><b>Sophisticated Investor(s)</b> Means any person who:-</p> <ul style="list-style-type: none"> <li>(a) is determined to be a sophisticated investor under the Guidelines on Categories of Sophisticated Investors; or</li> <li>(b) acquires any capital market product under the LOLA guidelines where the consideration is not less than two hundred and fifty thousand ringgit or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise.</li> </ul>

	-	<p><i>Inserted the following:</i></p> <p><b>ESG</b> Environmental, social and governance.</p> <p><b>ESG Assessment Methodology</b> Refers to the ESG Assessment Methodology on pages 7 to 9 of the Sixth Supplementary Information Memorandum.</p> <p><b>LOLA guidelines</b> Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework.</p> <p><b>SRI</b> Sustainable and Responsible Investment.</p> <p><b>SRI guidelines</b> Guidelines on Sustainable and Responsible Investment Funds.</p>
Investment Strategy	<p>The Fund will invest up to 100% of its NAV in RM-denominated fixed income instruments, where up to 20% of its NAV in cash and money market instruments. The Fund's average weighted duration is +/- 1.5 years of the benchmark duration. In buying and selling fixed income instruments for the Fund, AmFunds Management Berhad uses active tactical duration management, yield curve positioning and credit spread arbitraging. This approach also involves the use of models that analyse and compare expected returns and assumed risk. Under this approach, the Manager will focus on fixed income instruments and money market instruments that would deliver favourable return in light of the risk. The Manager may also consider obligations with a more favourable or improving credit</p>	<p>The Fund will invest up to 100% of its NAV in Malaysian Ringgit denominated fixed income instruments, where up to 20% of its NAV in cash, deposits and money market instruments for liquidity purposes and the overall investment strategy. The Fund may invest up to 30% of the Fund's net asset value in Malaysian government securities. The Fund's average weighted duration is +/- 1.5 years of the benchmark duration. In buying and selling fixed income instruments for the Fund, AmFunds Management Berhad uses active tactical duration management, yield curve positioning and credit spread arbitraging. This approach also involves the use of models that analyse and compare expected returns and assumed risk. Under this approach, the Manager will focus on fixed income instruments and money market instruments that would deliver</p>

	<p>or industry outlook that provide the potential for capital appreciation.</p>	<p>favourable return in light of the risk. The Manager may also consider obligations with a more favourable or improving credit or industry outlook that provide the potential for capital appreciation.</p> <p>Notwithstanding the above, the aggregate value of the Fund's investment in Malaysian government securities, cash, deposits and money market instruments must not exceed 30% of the Fund's NAV.</p> <p>The Fund may increase its exposure in cash, deposits and money market instruments which may differ from the Fund's strategies and asset allocation for defensive purposes during periods of market volatility to protect the portfolios from a drop in market value as well as for liquidity to meet any large redemptions in a bear market. The Manager will ensure that at least two-thirds (2/3) of the Fund's NAV are in line with the sustainability considerations during the temporary defensive position.</p> <p>For instruments issued by sovereign issuers, the Manager will evaluate the sovereign issuers on the sustainability considerations as disclosed under the third and fourth paragraph in the section "ESG Assessment Methodology".</p> <p>The Fund also incorporates sustainability considerations in securities or instruments selection (including instruments issued under their respective green, social and sustainability ("GSS") bond framework), by investing in companies which are well governed and with positive environmental and social impact. The issuer of such securities or instruments are evaluated based on the sustainability considerations as</p>
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disclosed in the section “ESG Assessment Methodology” and their disclosure of information pertaining to environmental and social impact.

As a SRI qualified Fund, the investments of the Fund are subject to the integration of the sustainability considerations. At least two thirds (2/3) of the Fund’s NAV is maintained in securities or instruments that are subjected to sustainability considerations. A greater proportion of the Fund’s holdings would be securities or instruments with better ESG scores. The Manager will ensure that at least two thirds (2/3) of the investments of the Fund are in line with the sustainability principles adopted and the overall impact of such investments of the Fund is not inconsistent with any other sustainability principles by continuously monitoring and rebalancing the investments throughout the lifecycle of the Fund.

If the Fund’s investments become inconsistent with its investment strategies or the Fund breaches the two thirds (2/3) asset allocation threshold in investments that are subjected to sustainability considerations, the Manager will dispose and/or replace the investment(s) within seven (7) business days from the date of the breach. The seven-business day period may be extended to three (3) months if it is in the best interest of Unit Holders and Trustee’s consent is obtained.

However, any breach as a result of:-

- (i) any appreciation or depreciation in value of the Fund’s investments; or
- (ii) repurchase of Units or payment made out of the Fund,

		<p>need not to be reported to the SC and must be rectified as soon as practical within three (3) months from the date of the breach. The three-month period may be extended if it is in the best interest of Unit Holders and Trustee’s consent is obtained. Such extension must be subject to at least a monthly review by the Trustee.</p> <p>The Manager will as soon as practicable notify SC of any changes to the Fund immediately at its best efforts to provide, without prior request, the relevant information which may include but is not limited to any event that could impact the Fund’s ability to comply with the Guidelines on Sustainable and Responsible Investment Funds to the SC.</p> <p>When the Fund is found to be no longer in compliance with the Guidelines on Sustainable and Responsible Investment Funds, the SC may revoke the Fund’s SRI qualification.</p>
ESG Assessment Methodology	-	<p><i>Inserted the following:</i></p> <p>All issuers or depository financial institutions of the permitted investments undergo ESG evaluation by the Manager using information obtained publicly and through engagement with sovereign or corporate issuers and depository financial institutions, which we may supplement with data and references of external parties including credit rating agencies, research companies, as well as service and index providers. The Manager will assess the ESG factors of each sovereign or corporate issuer and depository financial institution before proposing the ESG scores to an internal committee. The committee has the discretion to exclude a recommendation or request for further information before considering exclusion. ESG scores are reviewed by an internal committee. On a case-</p>

by-case basis, the committee will restrict investment in a company where the committee has unmitigated concerns on any one of the company's E, S or G aspects. The ESG evaluation is reviewed annually to ensure its continued relevance.

The general considerations of ESG factors considered under each of the ESG pillars may include:

Environmental (E) – climate change, energy sustainability, natural resources, pollution and waste, and environmental opportunities;

Social (S) – human capital, human rights, product liability, consumer protection, stakeholder opposition, social opportunities; and

Governance (G) – corporate governance, management structure and behaviour, employee relations and executive compensation.

For instruments issued by sovereign issuers, the Manager will evaluate the sovereign issuers more specifically on the sustainability considerations as below and subjected to applicability:

Environment

1. Environmental vulnerability – The risk of disruption to a country's economic output caused by degree of exposure to natural disasters or adverse weather conditions.
2. Environmental readiness – Considerations being given to country's available resources and institutional capability to leverage private and public sector investment for adaptive action to climate change and other natural disasters. There is also consideration of existing efforts to transition towards carbon neutrality, climate change adaptation strategies, resilience records.

		<p><u>Social</u></p> <ol style="list-style-type: none"><li>1. Human development – Considerations are given to a country’s Human Development Index adjusted by inequality factor, as well as Gender Inequality Index by the United Nations Development Programme (“UNDP”).</li><li>2. Safety - The population safety aspect supplements the Human Development Index assessment. Violent deaths (homicides) per 100,000 people is used as a proxy for overall violence of a country as recognized by United Nations Office on Drugs and Crime (UNODC).</li></ol> <p><u>Governance</u></p> <p>The Manager assesses the standard Sovereign Credit factors for governance.</p> <ol style="list-style-type: none"><li>1. Institutional strength – Includes assessment of a government institutions and policymaking relating to delivery sustainable public finances, promotion balanced economic growth, and responding to economic or political shocks.</li><li>2. Monetary policy effectiveness – Reflecting monetary policy credibility, including the independence of the central bank, its policymaking tools and effectiveness, track record on price stability, and role as a lender of last resort.</li></ol> <p>The sustainability considerations of ESG factors considered for sovereign issuers are updated and reviewed annually. These ESG factors are based on multi-national sources gathered from the United Nations Development Programme (UNDP), United Nations Office on Drugs and Crime (UNODC), World Bank, International Monetary Fund, Eurostat and United Nations</p>
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		<p>proportion of independent directors? How transparent is the company in its reporting to shareholders?</p> <ol style="list-style-type: none"> <li>2. Risk management – How compliant is the company with regards to regulatory requirements? Has there been any regulatory breach?</li> <li>3. Corruption/Mismanagement – Are there policies in place against bribery and corruption? Is the company or its management involved in any scandals relating to issues such as bribery or misappropriation of funds? What are the rectification and mitigation measure to address these scandals?</li> </ol> <p>The assessment of each sovereign or corporate issuer and depository financial institution’s performance is not absolute but is explicitly intended to be relative to the standards and performance of its peers. The weightage of each of the E, S and G pillars could differ across sectors and companies, to reflect their relative importance and absolute impact on the factors under the ESG pillars consideration. For example, “E” would be given a higher weight for an oil and gas company with no exposure to renewables business compared with a telecommunications provider. However, “G” is given a higher weight across all sectors to reflect our emphasis on corporate governance.</p> <p>The ESG Assessment Methodology rates each sovereign or corporate issuer and depository financial institution of the investment with an ESG score, on a scale of 1 to 5, with 1 as the lowest and 5 as the highest. A higher ESG score is assigned to a sovereign issuer, corporate issuer or depository financial institution with stronger ESG characteristics and vice versa for</p>
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		<p>a sovereign issuer, corporate issuer or depository financial institution with weaker ESG characteristics. A sovereign issuer, corporate issuer or depository financial institution with a neutral ESG will be assigned an ESG score of 3. Accordingly, the Manager reviews the ESG scores and data points at least annually to ensure its continued relevance. The Manager also constantly monitors relevant news that may affect the ESG scores and re-assigns the ESG scores accordingly.</p> <p>The Fund would maintain at least two thirds (2/3) of the portfolio in investments with ESG scores of at least 3.</p>
Asset Allocation	Up to 100% of its NAV in fixed income securities, where up to 20% of NAV in cash and money market instruments.	<ul style="list-style-type: none"> <li>• Between 80% and 100% of its NAV in fixed income instruments; and</li> <li>• Up to 20% of its NAV in cash, deposits and money market instruments.</li> </ul> <p><i>Note: Notwithstanding the above, the aggregate value of the Fund's investment in Malaysian government securities, cash, deposits and money market instruments must not exceed 30% of the Fund's NAV.</i></p>
Performance Benchmark	Thomson Reuters BPA Malaysia Government Related 3Y-7Y All Bond Index  <i>Note: The above performance benchmark may be changed to reflect any material change to the Fund's asset allocation range as permitted by the prevailing regulations.</i>	Refinitiv BPA Malaysia Government Related 3Y-7Y All Bond Index  <i>Note: The above performance benchmark may be changed to reflect any material change to the Fund's asset allocation range as permitted by the prevailing regulations.</i>
Specific risks associated with the investment portfolio of the Fund	-	<p><i>Inserted the following:</i></p> <p><b>Sustainability and Responsible Investment and Impact Risk</b></p> <p>As the Fund has an intention to generate positive sustainable and responsible impact alongside a financial return ("impact"),</p>

		<p>the investor must be able to accept temporary capital losses due to the potentially restricted number of companies that the Fund can invest in due to those companies which may not meet the sustainability considerations requirement and, consequently, should view investment in the Fund as a long-term investment.</p> <p>The Fund may seek to exclude holdings deemed inconsistent with the sustainability considerations. As a result, the investments of the Fund will be more limited than other funds that do not apply sustainability considerations. The Fund may be precluded from purchasing, or required to sell, certain investments that are inconsistent with its investment policy and sustainability considerations which might otherwise be advantageous to hold. The incorporation of sustainability considerations could result in performance that is better or worse than the performance of the other funds depending on the performance of the excluded investments and the investments included in place of such excluded investments.</p> <p>This risk is mitigated via investment strategy of the Fund such as by imposing minimum credit rating, active tactical duration management and by analyzing general market conditions. In addition, the Manager will use models that analyze and compare expected returns and assumed risk.</p> <p>The Manager will also focus on securities or instruments that would deliver better returns and will consider obligations with more favourable or improving credit or industry outlook that provides the potential for capital appreciation.</p> <p><b>Greenwashing Risk</b></p>
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Permitted Investment	<p>As permitted under the Deed, the Fund will invest in any of the following investments:</p> <ul style="list-style-type: none"> <li>• fixed income instruments (excluding cash and money market instruments); and</li> <li>• cash and money market instruments.</li> </ul>	<p>As permitted under the Deed, the Fund will invest in any of the following investments:</p> <ul style="list-style-type: none"> <li>• Fixed income instruments (excluding cash, deposits and money market instruments); and</li> <li>• Cash, deposits and money market instruments.</li> </ul>