

Annual Report for

# AmPRS - Islamic Balanced Fund

31 August 2023



**AmInvest**

Growing Your Investments in a Changing World

## TRUST DIRECTORY

### **PRS Provider**

AmFunds Management Berhad  
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50200 Kuala Lumpur

### **Board of Directors**

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

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Jas Bir Kaur A/P Lol Singh  
Tracy Chen Wee Keng  
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### **Investment Manager**

AmIslamic Funds Management Sdn Bhd

### **Audit and Risk Management Committee**

Ng Chih Kaye  
Zainal Abidin Bin Mohd Kassim  
Tai Terk Lin  
Azian Binti Kassim

### **Trustee**

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### **Shariah Adviser**

Amanie Advisors Sdn Bhd

### **Auditors and Reporting Accountants**

Ernst & Young PLT

### **Taxation Adviser**

Deloitte Tax Services Sdn Bhd

## **CONTENTS**

<b>1</b>	PRs Provider's Report
<b>11</b>	Independent Auditor's Report to the Members
<b>15</b>	Statement of Financial Position
<b>16</b>	Statement of Comprehensive Income
<b>17</b>	Statement of Changes in Net Assets Attributable to Members
<b>18</b>	Statement of Cash Flows
<b>19</b>	Notes to the Financial Statements
<b>48</b>	Statement by the PRs Provider
<b>49</b>	The Scheme Trustee's Report
<b>50</b>	Shariah Adviser's Report
<b>51</b>	Directory

## PRS PROVIDER’S REPORT

Dear Members,

We are pleased to present you the PRS Provider’s report and the audited accounts of AmPRS – Islamic Balanced Fund (“Fund”) for the financial year ended 31 August 2023.

### Salient Information of the Fund

<b>Name</b>	AmPRS – Islamic Balanced Fund (“Fund”)
<b>Category/ Type</b>	Balanced (Islamic) / Growth
<b>Objective</b>	<p>AmPRS – Islamic Balanced Fund aims to provide Medium to Long Term capital growth by investing in Shariah Compliant equities, Sukuk and Islamic money market instruments.</p> <p><i>Note: Any material change to the investment objective of the Fund would require Members’ approval.</i></p>
<b>Performance Benchmark</b>	<ul style="list-style-type: none"> <li>• 25% FTSE Bursa Malaysia Emas Shariah Index (“25% FBM SI”)</li> <li>• 25% MSCI AC Asia Pacific Islamic ex Japan Index (“25% MSCI AC AP Islamic ex-Japan”)</li> <li>• 50% Quantshop Medium* GII Index (“55% MGII”) (Available at <a href="http://www.aminvest.com">www.aminvest.com</a>)</li> </ul> <p><i>Note:</i> <i>*Medium means the duration is between three (3) years to seven (7) years.</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> <p><i>Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (<a href="http://www.msci.com">www.msci.com</a>).</i></p>

	<p>The blended returns are calculated by AmFunds Management Berhad using end of day index level values licensed from MSCI (“MSCI Data”). For the avoidance of doubt, MSCI is not the benchmark “administrator” for, or a “contributor”, “submitter” or “supervised contributor” to, the blended returns, and the MSCI Data is not considered a “contribution” or “submission” in relation to the blended returns, as those terms may be defined in any rules, laws, regulations, legislation or international standards. MSCI Data is provided “AS IS” without warranty or liability and no copying or distribution is permitted. MSCI does not make any representation regarding the advisability of any investment or strategy and does not sponsor, promote, issue, sell or otherwise recommend or endorse any investment or strategy, including any financial products or strategies based on, tracking or otherwise utilizing any MSCI Data, models, analytics or other materials or information.</p> <p>Note: Blended return refers to returns from blending the end of day index level values of:</p> <p>(i) one or more MSCI Index(es); and</p> <p>(ii) one or more non MSCI index (es).</p>
<b>Income Distribution Policy</b>	<p>Subject to availability of income, distribution (if any) is incidental.</p> <p>Note : Income distribution (if any) will be in the forms of units.</p>

#### Fund Performance Data

<b>Portfolio Composition</b>	Details of portfolio composition of the Fund as at 31 August are as follows:			
		As at 31 August		
		2023 %	2022 %	2021 %
	Collective investment schemes	43.12	45.79	42.89
	Consumer discretionary	3.68	2.04	3.05
	Consumer staples	6.50	4.95	1.37
	Energy	1.46	1.05	2.17
	Financials	1.85	1.39	1.46
	Health care	1.89	-	1.40
	Industrials	6.26	7.55	10.59
	Information technology	10.52	11.37	17.22
	Materials	5.83	6.23	3.21
	Real estate	5.59	6.45	4.45
	Telecommunication services	1.94	-	-
	Utilities	1.76	1.77	2.56
Money market deposits and cash equivalents	9.60	11.41	9.63	
<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 31 August are as follows:

	<b>FYE 2023</b>	<b>FYE 2022</b>	<b>FYE 2021</b>
Net asset value (RM)			
- Class D	1,696,821	1,468,477	1,389,576*
- Class I	2,059,630	1,889,962	1,956,741*
Units in circulation			
- Class D	2,501,823	2,225,838	1,887,193*
- Class I	3,005,193	2,842,048	2,643,030*
Net asset value per unit (RM)			
- Class D	0.6782	0.6597	0.7363*
- Class I	0.6854	0.6650	0.7403*
Highest net asset value per unit (RM)			
- Class D	0.6783	0.7417	0.8237*
- Class I	0.6854	0.7459	0.8262*
Lowest net asset value per unit (RM)			
- Class D	0.6324	0.6358	0.7116*
- Class I	0.6376	0.6406	0.7150*
Benchmark performance (%)			
- Class D	4.16	-7.16	3.03
- Class I	4.16	-7.16	3.03
Total return (%) <sup>(1)</sup>			
- Class D	3.07	-10.62	-3.49
- Class I	3.33	-10.40	-3.24
- Capital growth (%)			
- Class D	3.07	-10.62	-10.76
- Class I	3.33	-10.40	-10.49
- Income distribution (%)			
- Class D	-	-	7.27
- Class I	-	-	7.25
Gross distribution (sen per unit)			
- Class D	-	-	6.00
- Class I	-	-	6.00
Net distribution (sen per unit)			
- Class D	-	-	6.00
- Class I	-	-	6.00
Total expense ratio (%) <sup>(2)</sup>			
	1.95	3.19	1.91
Portfolio turnover ratio (times) <sup>(3)</sup>			
	0.30	0.43	0.74

\* 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 1.24% as compared to 3.19% per annum for the financial year ended 31 August 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 31 August 2023)**

	<b>AmPRS - Islamic Balanced Fund<sup>(a)</sup></b> %	<b>25% FBM SI, 25% MSCI AC AP Islamic ex-Japan, 50% MGII<sup>(b)</sup></b> %
<b>One year</b>		
- Class D	3.07	4.16
- Class I	3.33	4.16
<b>Three years</b>		
- Class D	-3.85	-0.12
- Class I	-3.60	-0.12
<b>Five years</b>		
- Class D	4.16	2.26
- Class I	4.36	2.26
<b>Since launch (25 November 2013)</b>		
- Class D	4.01	3.34
- Class I	4.11	3.34

**Annual Total Return**

<b>Financial Years Ended (31 August)</b>	<b>AmPRS - Islamic Balanced Fund<sup>(a)</sup></b> %	<b>25% FBM SI, 25% MSCI AC AP Islamic ex-Japan, 50% MGII<sup>(b)</sup></b> %
<b>2023</b>		
- Class D	3.07	4.16
- Class I	3.33	4.16
<b>2022</b>		
- Class D	-10.62	-7.16
- Class I	-10.40	-7.16
<b>2021</b>		
- Class D	-3.49	3.03
- Class I	-3.24	3.03
<b>2020</b>		
- Class D	32.92	12.35
- Class I	33.24	12.35
<b>2019</b>		
- Class D	3.73	-0.07
- Class I	3.72	-0.07

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

(b) 25% FTSE Bursa Malaysia Emas Shariah Index ("FBM SI"), 25% MSCI AC Asia Pacific Islamic ex Japan Index ("MSCI AC AP Islamic ex Japan"), 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**

Class D

For the financial year under review, the Fund registered a return of 3.07%<sup>(a)</sup> which is entirely capital growth in nature.

Thus, the Fund's return of 3.07% has underperformed the benchmark's return of 4.16% by 1.09%.

As compared with the financial year ended 31 August 2022, the net asset value ("NAV") per unit of the Fund increased by 2.80% from RM0.6597 to RM0.6782, while units in circulation increased by 12.40% from 2,225,838 units to 2,501,823 units.

(a) Price based on published price (last business day).

Class I

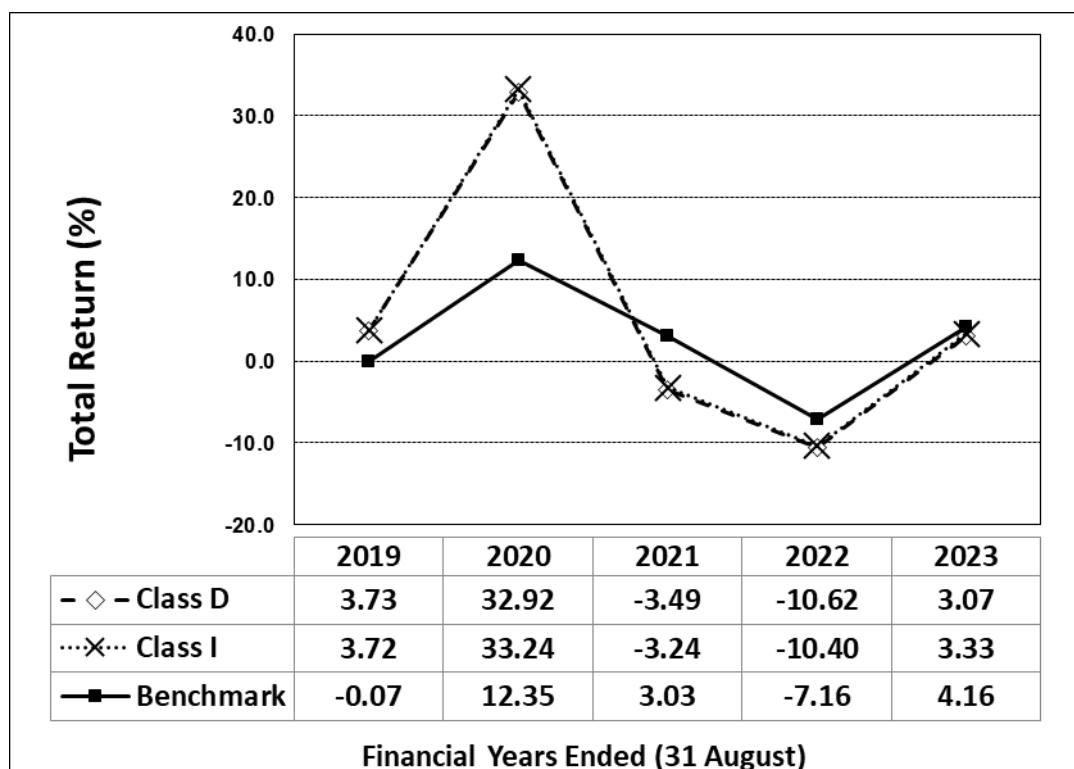
For the financial year under review, the Fund registered a return of 3.33%<sup>(a)</sup> which is entirely capital growth in nature.

Thus, the Fund's return of 3.33% has underperformed the benchmark's return of 4.16% by 0.83%.

As compared with the financial year ended 31 August 2022, the net asset value ("NAV") per unit of the Fund increased by 3.07% from RM0.6650 to RM0.6854, while units in circulation increased by 5.74% from 2,842,048 units to 3,005,193 units.

(a) Price based on published price (last business day).

The following line chart shows comparison between the annual performances of AmPRS - Islamic Balanced Fund for Class D and Class I and its benchmark 25% FBM SI, 25% MSCI AC AP Islamic ex-Japan, 50% MGII, for the financial years ended 31 August.





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

**Strategies and Policies Employed**

For the financial year under review, the Fund invested its assets into a well-diversified portfolio comprising Shariah Compliant equities, Sukuk and Islamic money market instruments, Islamic REITs and Islamic Liquid Assets.

The Shariah Compliant securities that the Fund invested in are traded and/or listed in the following countries, which includes but not limited to Australia, Hong Kong, Malaysia, New Zealand, Singapore, South Korea, Taiwan and Thailand. Shariah Compliant foreign investments (if any) will be limited to 40% of the Fund's NAV.

In order to achieve the investment objective, the Investment Manager opted to invest in the Shariah Compliant securities either directly or via Islamic collective investment schemes ("CIS") of AmFunds Management Berhad ("AFM") or other Islamic CIS such as ETF that's comply with shariah principle.

**Portfolio Structure**

The table below is the asset allocation of the Fund as at 31 August 2023 and 31 August 2022.

	<b>As at 31.08.2023 %</b>	<b>As at 31.08.2022 %</b>	<b>Changes %</b>
Collective investment schemes	43.12	45.79	-2.67
Consumer discretionary	3.68	2.04	1.64
Consumer staples	6.50	4.95	1.55
Energy	1.46	1.05	0.41
Financials	1.85	1.39	0.46
Health care	1.89	-	1.89
Industrials	6.26	7.55	-1.29
Information technology	10.52	11.37	-0.85
Materials	5.83	6.23	-0.40
Real estate	5.59	6.45	-0.86
Telecommunication services	1.94	-	1.94
Utilities	1.76	1.77	-0.01
Money market deposits and cash equivalents	9.60	11.41	-1.81
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	

For the financial year under review, 90.40% of the Fund's NAV was invested in Shariah Compliant securities and CIS while the remaining 9.60% was in cash.

During the year under review, the Fund increased exposure in defensive stocks like those in telecommunication services, health care, consumer discretionary and consumer staples by 1.94%, 1.89%, 1.64% and 1.55% respectively. The Fund reduced exposure in the industrials stocks by 1.29%.

**Securities Lending / Repurchase Transactions**

The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").

**Cross Trade**

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 members during the financial year under review.
<b>Rebates and Soft Commission</b>	<p>During the year, the private retirement scheme provider 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 members of the Fund.</p> <p>The provider has soft commission arrangement with a total of 12 brokers, who execute trades for the Fund and other funds or investments managed by the provider. 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 members of the Fund and other funds or investments managed by the provider.</p> <p>Soft commissions received were for the benefit of the Fund and there was no churning of trades.</p>
<b>Market Review</b>	<p><u>Equities</u></p> <p>Market bearish sentiment continued to grow deeper in the beginning of the fund's financial year amid mounting fears of recession with United States (US) Federal Reserve and other central banks continued with the rapid pace of rate hikes to tame the elevated inflation. Warnings from companies of increasing macroeconomic headwinds and strengthening of United States Dollar (USD) against ASIAN currencies prompted further volatility and sell-offs in equity. Meanwhile, Bank Negara Malaysia (BNM) raised Overnight Policy Rate (OPR) by 25bps, keeping up with the Federal Reserve's rate hike and ensure Malaysian Ringgit (MYR) strength.</p> <p>While sentiment was still weak amid rising geopolitical tensions between US and China following a new measure to restrict sales of technology to China which triggered an industry sell off and Malaysia was busy for General Election which was set on 19 November 2022, market ended up mixed in the last month of 2022 with the recovery shoots seen in November onwards. The North Asia equity markets ended November in green in line with global markets, lifted by optimism that central banks would soon begin to lower the pace of future interest rate hikes amid signs of easing inflation pressure. China's earlier than expected easing of its "zero Covid" restrictions had spurred the rally in Hong Kong and Thailand market. In Malaysia, sentiment improved following the formation of a unity government post the Malaysian general election giving clearer mandate to Datuk Seri Anwar Ibrahim which helped restore investors' confidence that Malaysia will have a stable government.</p> <p>Going into 2003, equities had a positive start helped by prospect of a softer monetary tightening by Federal Reserve amid cooling inflation data, fueling hopes for the US economy to end with a soft landing. The positive momentum was also lifted by optimism of a re-rating in economic growth prospects on the back of strong revival in demand as China reopened its borders. Local equity market has also reacted positively and ended the month higher. However, in February the gains were reversed due to higher-than-expected inflation and concerns over the</p>

Federal Reserve's rate hikes, as well as higher than anticipated Consumer Price Index (CPI) and Producer Price Index reports in the U.S.

Equities performance continued to be weak, dragged by slower than expected China economic recovery and negative sentiment following Silicon Valley bank fall out. However, some markets like Taiwan and Korea benefited from the technology rally buoyed by the surge in interest in Artificial Information theme. Malaysia suffered from decline in the commodity prices and overall global weak sentiment.

Equities continued to slide down attributed to the risk-off sentiment on expectation that Federal Reserve may keep rates higher for longer causing a tech sector profit taking exacerbated by fears on China economic slowdown amid Country Garden property developer missing its interest payments and Zhengrong Trust missed its payments. Meanwhile, Malaysia did well for the quarter amid rise in oil price to >\$90/bbl levels whilst the Bank Negara Malaysia (BNM) maintained its Overnight Policy Rate (OPR) at 3.00% during the September 2023 Monetary Policy Committee (MPC) meeting.

#### Fixed income

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

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

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

	<p>Moving towards second quarter of 2023, Malaysian bond market caught on to slowing United States (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 Bank Negara Malaysia (BNM) on 3 May, to raise Overnight Policy Rate (OPR) to its pre-pandemic level of 3.0%. However, as May progress, Malaysian Government Security (MGS) yield curve was overall traded higher following Federal Open Market Committee (FOMC) May minutes suggested another possible rate hike in June, in absence of any major jobs or inflation data that point to an imminent economic downturn. In June, MGS yield curve bear-flattened with long-end of the curve relatively unchanged, mirroring movement of the 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>Malaysia bond market endured a volatile month in July, largely mirroring the movement in the UST. For the first 2 weeks of the month, MGS outperformed with yields declined by 1-11bps following lower than expected US June 2023 Consumer Price Index (CPI) while Bank Negara Malaysia (BNM) had kept the Overnight Policy Rate (OPR) unchanged at 3.00% during its July meeting. However, the MGS weakened as July progressed amid 25bps rate hike by the US Federal Reserve on 26th July with no change in forward guidance languages. While in August, Malaysian bond market was subdued in as Malaysian Ringgit (MYR) weakness deterred foreign inflows. Domestic yields took their cues from US rates where the weaker than expected US employment and contracting manufacturing activity at the start of the month that pointed towards a more dovish US Federal Reserve stance. However, this was reversed, with better-than-expected employment and resilient Gross Domestic Product (GDP) growth numbers towards the end of the month along with the US Federal Reserve Chairman committing to an inflation fighting policy stance.</p>
<p><b>Market Outlook</b></p>	<p><u>Equities</u></p> <p>Despite worries of a recession, the United States (US) economy has remained resilient in Year to Date (YTD) 2023 due to the robust corporates earning and tight labor market. 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 dot plot 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. Nonetheless, we should be in the last stages of the interest rate hike cycle going into 2024. A peak in the Federal Reserve rate hike cycle typically signal an end to the USD uptrend.</p> <p>Asia Pacific equities markets will likely remain choppy for the remainder of 2023 as the US Federal Reserve maintained a hawkish stance and kept its policy rate "higher for longer". We think the expected recovery in China's economy will be protracted, but we remain optimistic on the central government growth-supportive stance and will keep a close eye on the tentative recovery signs as shown in the latest macro-economic data which surprised on the upside. While consumer confidence remains low for now, household savings is robust and with continuous support from the central government, the recovery in the Chinese economy will be positive not just for the country but also the exporters and commodities producers in the ASEAN region.</p> <p>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</p>

	<p>Master Plan (NIMP) 2030 hint at policy direction for the near and medium term. The recently announced 12th Malaysia Plan (12MP) Mid-Term Review (MTR) is another key policy document tailored to realise 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. While sentiment on the equity market is expected to improve as the market digests the positivity from the various government policy announcements, market may be volatile on global concerns.</p> <p><u>Fixed income</u></p> <p>The slowing Gross Domestic Product (GDP) and falling Consumer Price Index (CPI) data will imply Bank Negara Malaysia (BNM) will remain on pause for the immediate future. On the external front, with the United States (US) Federal Reserve pause but being seemingly still hawkish, United States Treasury (UST) yields will remain elevated for the foreseeable future.</p> <p>With a stable Overnight Policy Rate (OPR), we will gradually adjust our strategy to increase overweight on duration towards the year end. The steepening of the yield curve may see levels becoming attractive especially if BNM is not expected to raise rates further.</p> <p>For security selection, government bond yields have risen circa 10-15bps and are approaching fair value. However, with a weakening Malaysian Ringgit (MYR) and foreign investor interest falling, we will still prefer corporate bonds for the yield pickup especially if new issuances price in additional spread.</p>
<p><b>Additional Information</b></p>	<p>The following information was updated:</p> <ol style="list-style-type: none"> <li>1) En Izad Shahadi Bin Mohd Sallehuddin, an Independent Non-Executive Director of AmIslamic Funds Management Sdn Bhd ('AIFM'), has resigned from the Investment Committee with effect from 30 June 2023.</li> <li>2) Ms Tracy Chen Wee Keng, the Chief Executive Officer of AmInvestment Bank Berhad has been appointed as Member of the Investment Committee with effect from 30 June 2023.</li> <li>3) Pn Azian Binti Kassim has been appointed as an Independent Non-Executive Director of AIFM and a member of the Fund Management Division's Audit and Risk Management Committee with effect 30 June 2023.</li> <li>4) The Second Supplementary Disclosure Document dated 31 August 2023 has been registered with the Securities Commission Malaysia. The issuance of the Second Supplementary Disclosure Document is to be in line with the revised Guidelines on Private Retirement Scheme. Notice of the changes for the Second Supplementary Disclosure Document 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 Members on 16 August 2023.</li> </ol>

Kuala Lumpur, Malaysia  
AmFunds Management Berhad

19 October 2023

**Independent auditors' report to the members of  
AmPRS – Islamic Balanced Fund**

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

*Opinion*

We have audited the financial statements of AmPRS – Islamic Balanced Fund (“the Fund”), which comprise the statement of financial position as at 31 August 2023 and the statement of comprehensive income, statement of changes in net assets attributable to members 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 15 to 47.

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

*Basis for opinion*

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

*Independence and other ethical responsibilities*

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

*Information other than the financial statements and auditors’ report thereon*

The Provider 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 members of  
AmPRS – Islamic Balanced Fund (cont'd.)**

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

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

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

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

The Provider 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 Provider is also responsible for such internal control as the Provider 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 Provider 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 Provider 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 Provider 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 members of  
AmPRS – Islamic Balanced Fund (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 Provider.
- Conclude on the appropriateness of the Provider'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 Provider 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 members of  
AmPRS – Islamic Balanced Fund (cont'd.)**

**Other matters**

This report is made solely to the members of the Fund, as a body, in accordance with the Guidelines on Private Retirement Schemes issued by Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

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

Kuala Lumpur, Malaysia  
19 October 2023

## AmPRS – Islamic Balanced Fund

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

	Note	2023 RM	2022 RM
<b>ASSETS</b>			
Shariah-compliant investments	4	3,396,010	2,975,668
Amount due from Provider	5(a)	200	-
Dividend/Distribution receivables		6,277	11,037
Tax recoverable		494	434
Shariah-compliant deposit with a licensed financial institution	6	247,040	267,016
Cash at banks		146,895	117,980
<b>TOTAL ASSETS</b>		<u>3,796,916</u>	<u>3,372,135</u>
<b>LIABILITIES</b>			
Amount due to Provider	5(b)	5,235	2,845
Amount due to financial institution	7	27,103	-
Amount due to Trustee	8	126	117
Amount due to Private Pension Administrator ("PPA")	9	126	117
Sundry payables and accruals		7,875	10,617
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO MEMBERS)</b>		<u>40,465</u>	<u>13,696</u>
<b>NET ASSET VALUE ("NAV") OF THE FUND ATTRIBUTABLE TO MEMBERS</b>		<u>3,756,451</u>	<u>3,358,439</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS OF THE FUND COMPRISE:</b>			
Members' contribution	11(a)(b)	3,395,806	3,106,635
Retained earnings	11(c)(d)	360,645	251,804
		<u>3,756,451</u>	<u>3,358,439</u>
<b>NET ASSET VALUE</b>			
- Class D		1,696,821	1,468,477
- Class I		2,059,630	1,889,962
		<u>3,756,451</u>	<u>3,358,439</u>
<b>UNITS IN CIRCULATION</b>			
- Class D	11(a)	<u>2,501,823</u>	<u>2,225,838</u>
- Class I	11(b)	<u>3,005,193</u>	<u>2,842,048</u>
<b>NAV PER UNIT (RM)</b>			
- Class D		0.6782	0.6597
- Class I		<u>0.6854</u>	<u>0.6650</u>

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

**AmPRS – Islamic Balanced Fund****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

	Note	2023 RM	2022 RM
<b>SHARIAH-COMPLIANT INVESTMENT INCOME/(LOSS)</b>			
Dividend/Distribution income		88,061	72,844
Profit income		7,133	4,244
Net gain/(loss) from Shariah-compliant investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	10	97,825	(314,276)
Other net realised losses on foreign currency exchange		(4,672)	(6,291)
Other net unrealised gain/(loss) on foreign currency exchange		4	(2)
		<u>188,351</u>	<u>(243,481)</u>
<b>EXPENDITURE</b>			
Management fee	5	(32,872)	(31,370)
Trustee’s fee	8	(1,414)	(1,350)
PPA administrative fee	9	(1,414)	(1,350)
Audit fee		(4,500)	(4,500)
Tax agent’s fee		(9,705)	(49,792)
Custody fee		(720)	(2,518)
Brokerage and other transaction fees		(9,507)	(12,799)
Other expenses		(18,256)	(16,814)
		<u>(78,388)</u>	<u>(120,493)</u>
<b>Net income/(loss) before taxation</b>		109,963	(363,974)
<b>Taxation</b>	13	(1,122)	(1,389)
<b>Net income/(loss) after taxation, representing total comprehensive income/(loss) for the financial year</b>		<u>108,841</u>	<u>(365,363)</u>
Total comprehensive income/(loss) comprises the following:			
Realised income/(loss)		36,472	(112,881)
Unrealised gain/(loss)		72,369	(252,482)
		<u>108,841</u>	<u>(365,363)</u>

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

**AmPRS – Islamic Balanced Fund**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

	<b>Note</b>	<b>Members’ contribution – Class D RM</b>	<b>Members’ contribution – Class I RM</b>	<b>Retained earnings RM</b>	<b>Total equity RM</b>
At 1 September 2022		1,469,180	1,637,455	251,804	3,358,439
Total comprehensive income for the financial year		-	-	108,841	108,841
Creation of units	11(a)(b)	213,016	309,422	-	522,438
Cancellation of units	11(a)(b)	(31,819)	(201,448)	-	(233,267)
Balance at 31 August 2023		<u>1,650,377</u>	<u>1,745,429</u>	<u>360,645</u>	<u>3,756,451</u>
At 1 September 2021		1,228,876	1,500,274	617,167	3,346,317
Total comprehensive loss for the financial year		-	-	(365,363)	(365,363)
Creation of units	11(a)(b)	281,874	223,051	-	504,925
Cancellation of units	11(a)(b)	(41,570)	(85,870)	-	(127,440)
Balance at 31 August 2022		<u>1,469,180</u>	<u>1,637,455</u>	<u>251,804</u>	<u>3,358,439</u>

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

**AmPRS – Islamic Balanced Fund****STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

	Note	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>			
Proceeds from sale of Shariah-compliant investments		875,211	1,332,726
Purchase of Shariah-compliant investments		(1,175,297)	(1,604,520)
Dividend/Distribution received		91,702	61,156
Profit received		7,133	4,244
Management fee paid		(32,356)	(31,409)
Trustee's fee paid		(1,405)	(1,346)
PPA administrative fee paid		(1,405)	(1,346)
Tax agent's fee paid		(9,705)	(49,791)
Custody fee paid		(720)	(2,518)
Tax paid		(60)	(434)
Payments for other expenses		(35,005)	(31,233)
Net cash used in operating and investing activities		<u>(281,907)</u>	<u>(324,471)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		522,238	510,781
Payments for cancellation of units		(231,392)	(127,440)
Net cash generated from financing activities		<u>290,846</u>	<u>383,341</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		8,939	58,870
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>			
		<u>384,996</u>	<u>326,126</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>			
		<u>393,935</u>	<u>384,996</u>
Cash and cash equivalents comprise:			
Shariah-compliant deposit with a licensed financial institution	7	247,040	267,016
Cash at banks		146,895	117,980
		<u>393,935</u>	<u>384,996</u>

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

## AmPRS – Islamic Balanced Fund

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

#### 1. GENERAL INFORMATION

AmPRS – Islamic Balanced Fund (“the Fund”) was established pursuant to a Deed dated 4 December 2012 as amended by Deeds Supplemental thereto (“the Deed”), between AmFunds Management Berhad as the PRS Provider (“the Provider”), Deutsche Trustees Malaysia Berhad as the Trustee and all members.

The Fund aims to provide Medium to Long Term capital growth by investing in Shariah-compliant equities, Sukuk and Shariah-compliant money market instruments. As provided in the Deed, the financial year shall end on 31 August and the units in the Fund were first offered for sale on 25 November 2013.

The financial statements were authorised for issue by the Provider on 19 October 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 <i>“Annual Improvements to MFRS Standards 2018-2020”</i>	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 <i>Business Combinations</i> )*	1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 <i>Property, Plant and Equipment</i> )*	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> )	1 January 2022
Extension of the Temporary Exemption from applying MFRS 9 (Amendments to MFRS 4 <i>Insurance Contracts</i> )*	1 January 2022

## AmPRS – Islamic Balanced Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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 (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.

(i) Dividend/distribution income

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

## **AmPRS – Islamic Balanced Fund**

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

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

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

(ii) Profit income

Profit income on Islamic short-term deposits are 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 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 investments that are readily convertible to cash with insignificant risk of changes in value.



## AmPRS – Islamic Balanced Fund

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

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

##### 3.6 Members' contribution

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

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

The Fund issues cancellable units in two classes for which further details are disclosed in Note 11.

##### 3.7 Distribution

Distributions are at the discretion of the Provider. A distribution to the Fund's members is accounted for as a deduction from the retained earnings and realised income as finance cost - distribution to members and recognised in the statement of comprehensive income, as the members' contribution are classified as financial liability as per Note 3.6. 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 members 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.

##### 3.8 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.

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

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

**3.8 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.

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

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

**3.10 Financial 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 Provider, dividend/distribution receivables and other receivables.

## AmPRS – Islamic Balanced Fund

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

##### 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 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 31 AUGUST 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.

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

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

**3.14 Determination of fair value**

For Shariah-compliant investments in local quoted equity securities, fair value is determined based on the closing price quoted on Bursa Malaysia Berhad. For Shariah-compliant investments in foreign listed securities, which are quoted in the respective stock exchanges, fair value will be determined based on the published market price quoted by the respective stock exchanges at the end of each business day. For Shariah-compliant investments in 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.

**3.15 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.

**3.16 Significant accounting estimates and judgments**

The preparation of the Fund's financial statements requires the Provider 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 members' cancellation of units.

No major judgments have been made by the Provider 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.

## AmPRS – Islamic Balanced Fund

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

#### 4. SHARIAH-COMPLIANT INVESTMENTS

	2023 RM	2022 RM
<b>Financial assets at FVTPL</b>		
Quoted Shariah-compliant equity securities - local	1,417,399	1,176,062
Quoted Shariah-compliant equity securities - foreign	267,879	191,274
Quoted Shariah-compliant CIS - local	90,900	70,312
Unquoted Shariah-compliant CIS - local	1,619,832	1,538,020
	<u>3,396,010</u>	<u>2,975,668</u>

Details of Shariah-compliant investments as at 31 August 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 - local</b>				
<b>Consumer discretionary</b>				
Berjaya Food Berhad	36,000	24,480	27,658	0.65
Bermaz Auto Berhad	17,500	39,200	26,936	1.05
DRB-HICOM Berhad	29,000	41,760	40,276	1.11
	<u>82,500</u>	<u>105,440</u>	<u>94,870</u>	<u>2.81</u>
<b>Consumer staples</b>				
AEON Co. (M) Berhad	27,600	29,256	36,365	0.78
Fraser & Neave Holdings Bhd.	1,500	38,250	31,246	1.02
PPB Group Berhad	2,200	34,584	37,168	0.92
QL Resources Berhad	13,700	73,980	75,956	1.97
Sarawak Oil Palms Berhad	6,800	17,340	18,417	0.46
Ta Ann Holdings Berhad	14,000	50,820	44,221	1.35
	<u>65,800</u>	<u>244,230</u>	<u>243,373</u>	<u>6.50</u>
<b>Energy</b>				
Hibiscus Petroleum Berhad	38,700	36,959	38,467	0.99
PETRONAS Dagangan Berhad	800	17,760	17,522	0.47
	<u>39,500</u>	<u>54,719</u>	<u>55,989</u>	<u>1.46</u>

## AmPRS – Islamic Balanced Fund

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

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

Details of Shariah-compliant investments as at 31 August 2023 are as follows: (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 - local (cont'd.)</b>				
<b>Financials</b>				
GHL Systems Berhad	23,200	17,400	23,875	0.46
Syarikat Takaful Malaysia Keluarga Berhad	14,000	52,080	59,878	1.39
	<u>37,200</u>	<u>69,480</u>	<u>83,753</u>	<u>1.85</u>
<b>Health care</b>				
Duopharma Biotech Berhad	46,200	53,130	64,370	1.42
Hartalega Holdings Berhad	9,100	17,745	18,095	0.47
	<u>55,300</u>	<u>70,875</u>	<u>82,465</u>	<u>1.89</u>
<b>Industrials</b>				
CTOS Digital Berhad	32,500	46,150	51,266	1.23
Gamuda Berhad	9,300	41,850	33,565	1.11
Kerjaya Prospek Group Berhad	16,100	20,286	17,871	0.54
Sime Darby Berhad	21,300	48,990	48,225	1.30
Sunway Berhad	20,400	40,596	34,680	1.08
UWC Berhad	5,500	19,250	18,001	0.51
Westports Holdings Berhad	5,200	18,200	18,200	0.49
	<u>110,300</u>	<u>235,322</u>	<u>221,808</u>	<u>6.26</u>
<b>Information technology</b>				
Dagang NeXchange Berhad	165,200	74,340	103,361	1.98
Datasonic Group Berhad	69,800	33,853	34,900	0.90
Genetec Technology Berhad	17,700	42,126	48,088	1.12
Greatech Technology Berhad	10,000	45,000	57,971	1.20
SKP Resources Bhd	43,200	41,688	63,724	1.11
Uchi Technologies Berhad	15,700	56,363	48,198	1.50
	<u>321,600</u>	<u>293,370</u>	<u>356,242</u>	<u>7.81</u>

## AmPRS – Islamic Balanced Fund

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

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

Details of Shariah-compliant investments as at 31 August 2023 are as follows: (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 - local (cont'd.)</b>				
<b>Materials</b>				
PETRONAS Chemicals Group Berhad	5,600	39,872	49,141	1.06
Press Metal Aluminium Holdings Berhad	9,500	46,075	52,457	1.23
	<u>15,100</u>	<u>85,947</u>	<u>101,598</u>	<u>2.29</u>
<b>Real estate</b>				
Lagenda Properties Berhad	24,800	32,240	36,002	0.86
Matrix Concepts Holdings Berhad	21,800	33,354	29,389	0.89
Sime Darby Property Berhad	72,700	53,434	40,813	1.42
	<u>119,300</u>	<u>119,028</u>	<u>106,204</u>	<u>3.17</u>
<b>Telecommunication services</b>				
Telekom Malaysia Berhad	7,100	36,210	35,500	0.96
TIME dotCom Berhad	6,700	36,850	35,582	0.98
	<u>13,800</u>	<u>73,060</u>	<u>71,082</u>	<u>1.94</u>
<b>Utilities</b>				
Tenaga Nasional Berhad	6,700	65,928	64,984	1.76
<b>Total quoted Shariah-compliant equity securities - local</b>	<u>867,100</u>	<u>1,417,399</u>	<u>1,482,368</u>	<u>37.74</u>
<b>Quoted Shariah-compliant equity securities - foreign</b>				
<b>Hong Kong</b>				
<b>Consumer discretionary</b>				
Li Ning Company Limited	1,500	32,906	33,323	0.87
<b>Total in Hong Kong</b>	<u>1,500</u>	<u>32,906</u>	<u>33,323</u>	<u>0.87</u>



AmPRS – Islamic Balanced Fund

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

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

Details of Shariah-compliant investments as at 31 August 2023 are as follows: (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 - foreign (cont'd.)</b>				
<b>Indonesia</b>				
<b>Materials</b>				
PT Semen Indonesia (Persero) Tbk	17,139	35,476	35,867	0.94
<b>Total in Indonesia</b>	<b>17,139</b>	<b>35,476</b>	<b>35,867</b>	<b>0.94</b>
<b>South Korea</b>				
<b>Information technology</b>				
Samsung Electro-Mechanics Co., Ltd.	51	24,169	32,862	0.64
Samsung SDI Co., Ltd.	10	21,490	6,043	0.57
SK Hynix Inc.	132	56,272	53,698	1.50
	193	101,931	92,603	2.71
<b>Materials</b>				
LG Chem, Ltd.	21	42,850	25,583	1.14
POSCO	27	54,716	34,705	1.46
	48	97,566	60,288	2.60
<b>Total in South Korea</b>	<b>241</b>	<b>199,497</b>	<b>152,891</b>	<b>5.31</b>
<b>Total quoted Shariah-compliant equity securities - foreign</b>	<b>18,880</b>	<b>267,879</b>	<b>222,081</b>	<b>7.12</b>
<b>Quoted Shariah-compliant CIS - local</b>				
<b>REITs</b>				
AME Real Estate Investment Trust	29,400	37,044	34,176	0.99
Axis Real Estate Investment Trust	28,800	53,856	55,441	1.43
	58,200	90,900	89,617	2.42
<b>Total quoted Shariah- compliant CIS - local</b>	<b>58,200</b>	<b>90,900</b>	<b>89,617</b>	<b>2.42</b>

## AmPRS – Islamic Balanced Fund

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

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

Details of Shariah-compliant investments as at 31 August 2023 are as follows: (cont'd.)

Name of trust	Number of shares/ units	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>Unquoted Shariah-compliant CIS - local</b>				
AmASEAN Equity*	86,972	40,311	43,949	1.07
AmBon Islam*	458,392	595,084	572,192	15.84
AmDynamic Sukuk*	327,461	478,388	404,840	12.74
AmIslamic Fixed Income Conservative*	327,293	466,164	429,399	12.41
AmIslamic Global SRI*	36,226	39,885	36,200	1.06
<b>Total unquoted Shariah- compliant CIS - local</b>	<b>1,236,344</b>	<b>1,619,832</b>	<b>1,486,580</b>	<b>43.12</b>
<b>Total financial assets at FVTPL</b>		<b>3,396,010</b>	<b>3,280,646</b>	<b>90.40</b>
<b>Excess of fair value over purchased cost</b>		<b>115,364</b>		

\* These CIS are managed by the Provider.

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

	Note	2023 RM	2022 RM
<b>(a) Due from Provider</b>			
Creation of units	(i)	200	-
<b>(b) Due to Provider</b>			
Redemption of units	(ii)	1,874	-
Management fee payable	(iii)	3,361	2,845
		<b>5,235</b>	<b>2,845</b>

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

(ii) The amount represents amount payable to the Provider for units redeemed.

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

## AmPRS – Islamic Balanced Fund

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

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

- (iii) Management fee is at a rate of 1.50% (2022: 1.50%) per annum for Class D and 1.25% (2022: 1.25%) per annum for Class I on the NAV of the Fund calculated on a daily basis. As the Fund invested in the CIS, the management fee related to the CIS has been charged by the Provider.

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.

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

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

	2023 RM	2022 RM
At nominal value:		
Short-term deposit	247,000	267,000
At carrying value:		
Short-term deposit	247,040	267,016

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

Maturity date	Financial institution	Nominal value RM	Carrying value RM	Carrying value as a percentage of NAV %
<b>2023</b>				
<b>Short-term deposit</b>				
01.09.2023	CIMB Islamic Bank Berhad	247,000	247,040	6.58

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 Day	2022 Day
Short-term deposit	2.95	2.20	1	1

## AmPRS – Islamic Balanced Fund

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

#### 7. AMOUNT DUE TO FINANCIAL INSTITUTION

Amount due to financial institution relates to the amount payable to financial institution arose from the purchase of investments. The settlement period is within two business days from the deal date.

#### 8. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.04% (2022: 0.04%) per annum for both Class D and Class I 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. AMOUNT DUE TO PPA

PPA administrative fee is at a rate of 0.04% (2022: 0.04%) per annum for both Class D and Class I on the NAV of the Fund, calculated on a daily basis.

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

#### 10. 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	29,075	(60,485)
– Net realised losses on foreign currency exchange	(3,615)	(1,310)
– Net unrealised gain/(loss) on changes in fair value of Shariah-compliant investments	62,578	(242,344)
– Net unrealised gain/(loss) on foreign currency fluctuation of Shariah-compliant investments denominated in foreign currency	9,787	(10,137)
	<u>97,825</u>	<u>(314,276)</u>

## AmPRS – Islamic Balanced Fund

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

#### 11. NAV ATTRIBUTABLE TO MEMBERS

Total NAV attributable to members is represented by:

	Note	2023 RM	2022 RM
Members' contribution - Class D	(a)	1,650,377	1,469,180
Members' contribution - Class I	(b)	1,745,429	1,637,455
Retained earnings			
– Realised income	(c)	245,282	208,810
– Unrealised gain	(d)	115,363	42,994
		<u>3,756,451</u>	<u>3,358,439</u>

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

Classes of units	Currency denomination	Categories of investors	Distribution policy
Class D	RM	Distributor appointed by the PRS Provider	Incidental
Class I	RM	Employer-Sponsored Retirement Scheme and also employees of any employers with prior arrangement with the PRS Provider	Incidental

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

- (i) Sales charge
- (ii) Management fee charges

#### (a) Members' contribution/units in circulation – Class D

	2023		2022	
	Number units	RM	Number units	RM
At beginning of the financial year	2,225,838	1,469,180	1,887,193	1,228,876
Creation during the financial year	324,425	213,016	395,975	281,874
Cancellation during the financial year	(48,440)	(31,819)	(57,330)	(41,570)
At end of the financial year	<u>2,501,823</u>	<u>1,650,377</u>	<u>2,225,838</u>	<u>1,469,180</u>

## AmPRS – Islamic Balanced Fund

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

#### 11. NAV ATTRIBUTABLE TO MEMBERS (CONT'D.)

##### (b) Members' contribution/units in circulation – Class I

	2023		2022	
	Number of units	RM	Number of units	RM
At beginning of the financial year	2,842,048	1,637,455	2,643,030	1,500,274
Creation during the financial year	464,677	309,422	321,289	223,051
Cancellation during the financial year	(301,532)	(201,448)	(122,271)	(85,870)
At end of the financial year	<u>3,005,193</u>	<u>1,745,429</u>	<u>2,842,048</u>	<u>1,637,455</u>

##### (c) Realised – distributable

	2023 RM	2022 RM
At beginning of the financial year	208,810	321,691
Net realised income/(loss) for the financial year	<u>36,472</u>	<u>(112,881)</u>
At end of the financial year	<u>245,282</u>	<u>208,810</u>

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

	2023 RM	2022 RM
At beginning of the financial year	42,994	295,476
Net unrealised gain/(loss) for the financial year	<u>72,369</u>	<u>(252,482)</u>
At end of the financial year	<u>115,363</u>	<u>42,994</u>

#### 12. 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 Provider  
Holding company of the Provider  
Ultimate holding company of the Provider  
Subsidiaries and associate companies of  
the ultimate holding company of the  
Provider

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

## AmPRS – Islamic Balanced Fund

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

#### 13. TAXATION

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Local tax	406	219
Foreign tax	716	1,170
	<u>1,122</u>	<u>1,389</u>

Pursuant to Paragraph 20 of Schedule 6 to the Income Tax Act (“ITA”), any income received by an approved scheme as defined under Section 2 of the ITA is exempted from income tax.

Withholding tax refer to taxable dividend/distribution income derived from countries including Indonesia, Korea and Malaysia calculated at the rates prevailing in these countries.

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>109,963</u>	<u>(363,974)</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	26,391	(87,354)
Tax effects of:		
Income not subject to tax	(45,410)	(17,227)
Effect of different tax rates in other countries	(661)	115
Losses not allowed for tax deduction	1,989	76,937
Restriction on tax deductible expenses	8,180	7,856
Non-permitted expenses for tax purposes	9,724	20,189
Permitted expenses not used and not available for future financial years	909	873
Tax expense for the financial year	<u>1,122</u>	<u>1,389</u>

#### 14. 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>
Management fee	0.93	0.93
Trustee’s fee	0.04	0.04
PPA administrative fee	0.04	0.04
Fund’s other expenses	0.94	2.18
Total TER	<u>1.95</u>	<u>3.19</u>

## AmPRS – Islamic Balanced Fund

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

#### 14. TOTAL EXPENSE RATIO (“TER”) (CONT’D.)

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

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

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of Shariah-compliant investments to the average NAV of the Fund calculated on a daily basis, is 0.30 times (2022: 0.43 times).

#### 16. SEGMENTAL REPORTING

The Provider 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 deposit with a licensed financial institution.

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	60,009	28,052	-	88,061
Profit income	-	-	7,133	7,133
Net gain from Shariah-compliant investments:				
- Financial assets at FVTPL	41,896	55,929	-	97,825
Other net realised loss on foreign currency exchange	(4,672)	-	-	(4,672)
Other net unrealised gain on foreign currency exchange	4	-	-	4
Total segment investment income for the financial year	<u>97,237</u>	<u>83,981</u>	<u>7,133</u>	<u>188,351</u>



**AmPRS – Islamic Balanced Fund**

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

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

	Equity portfolio RM	CIS portfolio RM	Fixed income portfolio RM	Total RM
<b>2023</b>				
Financial assets at FVTPL	1,685,278	1,710,732	-	3,396,010
Dividend/Distribution receivables	1,088	5,189	-	6,277
Shariah-compliant deposit with a licensed financial institution	-	-	247,040	247,040
Total segment assets	<u>1,686,366</u>	<u>1,715,921</u>	<u>247,040</u>	<u>3,649,327</u>
Amount due to financial institution	<u>27,103</u>	-	-	<u>27,103</u>
Total segment liability	<u>27,103</u>	-	-	<u>27,103</u>
<b>2022</b>				
Dividend/Distribution income	47,723	25,121	-	72,844
Profit income	-	-	4,244	4,244
Net loss from Shariah-compliant investments:				
- Financial assets at FVTPL	(284,946)	(29,330)	-	(314,276)
Other net realised loss on foreign currency exchange	(6,291)	-	-	(6,291)
Other net unrealised gain foreign currency exchange	(2)	-	-	(2)
Total segment investment income for the financial year	<u>(243,516)</u>	<u>(4,209)</u>	<u>4,244</u>	<u>(243,481)</u>
Financial assets at FVTPL	1,367,336	1,608,332	-	2,975,668
Dividend/Distribution receivables	1,425	9,612	-	11,037
Shariah-compliant deposit with a licensed financial institution	-	-	267,016	267,016
Total segment assets	<u>1,368,761</u>	<u>1,617,944</u>	<u>267,016</u>	<u>3,253,721</u>

## AmPRS – Islamic Balanced Fund

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

#### 16. 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 taxation:

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Net reportable segment investment income/(loss)	188,351	(243,481)
Less: Expenses	<u>(78,388)</u>	<u>(120,493)</u>
Net income/(loss) before taxation	109,963	(363,974)
Taxation	<u>(1,122)</u>	<u>(1,389)</u>
Net income/(loss) after taxation	<u>108,841</u>	<u>(365,363)</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	3,649,327	3,253,721
Amount due from Provider	200	-
Tax recoverable	494	434
Cash at banks	<u>146,895</u>	<u>117,980</u>
Total assets of the Fund	<u>3,796,916</u>	<u>3,372,135</u>
Total segment liability	27,103	-
Amount due to Provider	5,235	2,845
Amount due to Trustee	126	117
Amount due to PPA	126	117
Sundry payables and accruals	<u>7,875</u>	<u>10,617</u>
Total liabilities of the Fund	<u>40,465</u>	<u>13,696</u>

## AmPRS – Islamic Balanced Fund

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

#### 17. TRANSACTIONS WITH THE PROVIDER, BROKERS AND FINANCIAL INSTITUTIONS

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

Provider/Brokers/Financial institutions	Transaction value		Brokerage fee, stamp duty and clearing fee	
	RM	%	RM	%
CIMB Islamic Bank Berhad	60,767,000	96.69	-	-
RHB Investment Bank Berhad	700,473	1.11	3,198	33.61
Maybank Investment Bank Berhad	472,668	0.75	2,379	25.00
AmlInvestment Bank Berhad*	345,562	0.55	1,662	17.47
Hong Leong Investment Bank Berhad	204,486	0.33	897	9.43
Daishin Securites Co., Ltd	103,511	0.17	425	4.47
Macquarie Securities (Australia) Limited	59,633	0.10	233	2.45
J.P. Morgan Securities (Malaysia) Sdn. Bhd.	58,006	0.09	252	2.65
Affin Investment Berhad	46,637	0.07	241	2.53
Credit Suisse (Hong Kong) Limited	32,145	0.05	125	1.31
Other brokers and financial institutions	55,160	0.09	103	1.08
Total	<u>62,845,281</u>	<u>100.00</u>	<u>9,515</u>	<u>100.00</u>

\* A financial institution related to the Provider.

The Provider 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 investments in Shariah-compliant listed equity securities, Shariah-compliant CIS and Islamic money market deposits. Transactions in unquoted Shariah-compliant CIS and Islamic money market deposits do not involve any commission or brokerage.

#### 18. 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.

**AmPRS – Islamic Balanced Fund**

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

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

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

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>2023</b>				
<b>Assets</b>				
Shariah-compliant investments	3,396,010	-	-	3,396,010
Amount due from Provider	-	200	-	200
Dividend/Distribution receivables	-	6,277	-	6,277
Shariah-compliant deposit with a licensed financial institution	-	247,040	-	247,040
Cash at banks	-	146,895	-	146,895
<b>Total financial assets</b>	<b>3,396,010</b>	<b>400,412</b>	<b>-</b>	<b>3,796,422</b>
<b>Liabilities</b>				
Amount due to Provider	-	-	5,235	5,235
Amount due to financial institution	-	-	27,103	27,103
Amount due to Trustee	-	-	126	126
Amount due to PPA	-	-	126	126
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>32,590</b>	<b>32,590</b>
<b>2022</b>				
<b>Assets</b>				
Shariah-compliant investments	2,975,668	-	-	2,975,668
Dividend/Distribution receivables	-	11,037	-	11,037
Shariah-compliant deposit with a licensed financial institution	-	267,016	-	267,016
Cash at banks	-	117,980	-	117,980
<b>Total financial assets</b>	<b>2,975,668</b>	<b>396,033</b>	<b>-</b>	<b>3,371,701</b>
<b>Liabilities</b>				
Amount due to Provider	-	-	2,845	2,845
Amount due to Trustee	-	-	117	117
Amount due to PPA	-	-	117	117
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>3,079</b>	<b>3,079</b>

**AmPRS – Islamic Balanced Fund**

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

**18. 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	97,825	(314,276)
Income, of which derived from:		
– Dividend/Distribution income from financial assets at FVTPL	88,061	72,844
– Profit income from financial assets at amortised cost	7,133	4,244
– Other net realised losses on foreign currency exchange	(4,672)	(6,291)
– Other net unrealised gain/(loss) on foreign currency exchange	4	(2)
	<u>4</u>	<u>(2)</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>1,776,178</u>	<u>1,619,832</u>	<u>-</u>	<u>3,396,010</u>
<b>2022</b>				
Financial assets at FVTPL	<u>1,437,648</u>	<u>1,538,020</u>	<u>-</u>	<u>2,975,668</u>

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

**18. 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 Provider
- Amount due to financial institution
- Dividend/Distribution receivables
- Shariah-compliant deposit with a licensed financial institution
- Cash at banks
- Amount due to Trustee
- Amount due to PPA

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

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

The Fund is exposed to a variety of risks that include market risk, credit risk, liquidity risk, single issuer risk, regulatory risk, 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 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 Private Retirement Schemes 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 Provider actively monitors the performance and risk profile of the investment portfolio.

## AmPRS – Islamic Balanced Fund

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

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

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

##### (i) Price risk (cont'd.)

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	2022
	RM	RM
-5.00%	(169,801)	(148,783)
+5.00%	<u>169,801</u>	<u>148,783</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 deposits and placements with licensed financial institutions are determined based on prevailing market rates.

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	(7)	(7)
-100 bps	<u>7</u>	<u>7</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 base currency.

**AmPRS – Islamic Balanced Fund**

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

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

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

**(iii) Currency risk (cont'd.)**

Percentage movements in currencies other than the Fund's functional currency:	Sensitivity of the Fund's NAV	
	2023 RM	2022 RM
-5.00%	(18,686)	(14,910)
+5.00%	<u>18,686</u>	<u>14,910</u>

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

Assets denominated in	2023		2022	
	RM equivalent	% of NAV	RM equivalent	% of NAV
<b>Hong Kong Dollar</b>				
Shariah-compliant investments	32,906	0.87	-	-
Dividend receivable	351	0.01	-	-
	<u>33,257</u>	<u>0.88</u>	<u>-</u>	<u>-</u>
<b>Indonesia</b>				
Shariah-compliant investments	<u>35,476</u>	<u>0.94</u>	<u>29,838</u>	<u>0.88</u>
<b>New Taiwan Dollar</b>				
Cash at bank	<u>105,494</u>	<u>2.81</u>	<u>106,364</u>	<u>3.18</u>
<b>South Korean Won</b>				
Shariah-compliant investments	199,497	5.31	161,436	4.66
Dividend receivable	-	-	279	0.01
	<u>199,497</u>	<u>5.31</u>	<u>161,715</u>	<u>4.67</u>
<b>United States Dollar</b>				
Cash at bank	<u>5</u>	<u>-*</u>	<u>-</u>	<u>-</u>

\* represents less than 0.01%



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

**19. 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 dividend 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.

For Shariah-compliant deposits with licensed financial institutions, the Fund makes placements with financial institutions 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 members. 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 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) 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 possibility that the NAV of the Fund may be adversely affected.

## **AmPRS – Islamic Balanced Fund**

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

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

##### **(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 Provider or the Trustee not complying with their 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.

##### **(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.

#### **20. CAPITAL MANAGEMENT**

The primary objective of the Fund's capital management is to ensure that it maximises members' 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 members by way of redemption of units.

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

## **AmPRS – Islamic Balanced Fund**

### **STATEMENT BY THE PROVIDER**

I, Goh Wee Peng, being the Director of and on behalf of Board of Directors of AmFunds Management Berhad (“the Provider”), do hereby state that in the opinion of the Provider, 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 AmPRS – Islamic Balanced Fund (“the Fund”) as at 31 August 2023 and the comprehensive income, the changes in net assets attributable to members and cash flows for the financial year then ended.

For and on behalf of the Provider

**GOH WEE PENG**

Executive Director

Kuala Lumpur, Malaysia

19 October 2023

## **THE SCHEME TRUSTEE'S REPORT**

### **TO THE MEMBERS OF AMPRS – ISLAMIC BALANCED FUND ("Fund")**

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

1. Limitations imposed on the investment powers of the PRS Provider under the deed, securities laws and the Guidelines on Private Retirement Schemes;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Fund Operations

**Sylvia Beh**  
Chief Executive Officer

Kuala Lumpur  
19 October 2023

## SHARIAH ADVISER'S REPORT FOR ISLAMIC PRIVATE RETIREMENT SCHEME FUND

To the members of AmPRS – Islamic Balanced Fund (“Fund”),

We hereby confirm the following:

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

For Amanie Advisors Sdn Bhd

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Tan Sri Dr Mohd Daud Bakar

Executive Chairman

Date: 19 October 2023

## DIRECTORY

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

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

### Distributors

For more details on the list of distributors, please contact the PRS Provider.

*For enquiries about this Scheme and any other funds offered by the PRS Provider  
Please call 2032 2888 between 8.45 a.m. to 5.45 p.m. (Monday-Thursday)  
Friday 8.45 a.m. to 5.00 p.m.*

