

Semi-Annual Report for

AmDynamic Sukuk

31 January 2022



AmInvest

Growing Your Investments in a Changing World

TRUST DIRECTORY

Manager

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

Board of Directors

Jeyaratnam A/L Tamotharam Pillai
Dato' Mustafa Bin Mohd Nor
Tai Terk Lin
Ng Chih Kaye
Jas Bir Kaur A/P Lol Singh
Goh Wee Peng

Investment Committee

Jas Bir Kaur A/P Lol Singh
Dato' Mustafa Bin Mohd Nor
Izad Shahadi Bin Mohd Sallehuddin
Goh Wee Peng

Investment Manager

AmIslamic Funds Management Sdn Bhd

Shariah Adviser

Amanie Advisors Sdn Bhd

Trustee

Deutsche Trustees Malaysia Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

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MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the unaudited accounts of AmDynamic Sukuk ("Fund") for the financial period from 1 August 2021 to 31 January 2022.

Salient Information of the Fund

Name	AmDynamic Sukuk ("Fund")
Category/ Type	Sukuk / Growth
Objective	The Fund aims to provide capital appreciation by investing primarily in Sukuk both locally and globally. <i>Note: Any material change to the investment objective of the Fund would require Unit Holders' approval.</i>
Duration	The Fund was established on 12 June 2012 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.
Performance Benchmark	BPAM Corporates Sukuk Index ("BPAMCSI") (Available at www.aminvest.com) <i>The performance benchmark has been changed from Bloomberg AIBIM Bursa Malaysia Sovereign Shariah Index (BMSSI) because BMSSI has been discontinued by Bloomberg effective 25 July 2015.</i> <i>Note: The risk profile of the Fund may not be the same as the risk profile of the performance benchmark.</i>
Income Distribution Policy	Class A and Class B: Income distribution (if any) is incidental.

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund for the financial period as at 31 January 2022 and three financial years as at 31 July are as follows:				
		As at 31.1.2022 %	FY 2021 %	FY 2020 %	FY 2019 %
	Corporate sukuk	84.62	80.41	55.38	69.10
	Government Investment Issues	9.78	9.77	11.24	16.66
	Money market deposits and cash equivalents	5.60	9.82	33.38	14.24
	Total	100.00	100.00	100.00	100.00
<i>Note: The abovementioned percentages are calculated based on total net asset value.</i>					

Performance Details

Performance details of the Fund for the financial period ended 31 January 2022 and three financial years ended 31 July are as follows:

	Half year ended 31.1.2022	FY 2021	FY 2020	FY 2019
Net asset value (RM)				
- Class A	14,824,511*	15,235,237	15,523,428	8,424,207
- Class B	2,607,855*	2,638,509*	6,234,158	1,083*
Units in circulation				
- Class A	10,717,929*	10,965,848	10,674,363	6,147,176
- Class B	1,954,637*	1,968,810*	4,545,307	854*
Net asset value per unit (RM)				
- Class A	1.3832*	1.3893	1.4543	1.3704
- Class B	1.3342*	1.3402*	1.3715	1.2670*
Highest net asset value per unit (RM)				
- Class A	1.3956*	1.4611	1.4781	1.4031
- Class B	1.3462*	1.3782*	1.3715	1.2670*
Lowest net asset value per unit (RM)				
- Class A	1.3687*	1.3772	1.3709	1.2804
- Class B	1.3203*	1.2989*	1.2675	1.1535*
Benchmark performance (%)				
- Class A	0.19	0.65	8.55	9.41
- Class B	0.19	0.65	8.55	9.41
Total return (%) ⁽¹⁾				
- Class A	-0.44	-2.30	8.38	9.86
- Class B	-0.45	-2.28	8.37	9.93
- Capital growth (%)				
- Class A	-0.44	-4.47	6.13	7.12
- Class B	-0.45	-2.28	8.25	9.93
- Income distribution (%)				
- Class A	-	2.17	2.25	2.74
- Class B	-	-	0.12	-
Gross distribution (sen per unit)				
- Class A	-	3.18	3.08	3.50
- Class B	-	-	0.15	-
Net distribution (sen per unit)				
- Class A	-	3.15	3.08	3.50
- Class B	-	-	0.15	-
Total expense ratio (%) ⁽²⁾				
	1.19	1.15	1.22	1.39
Portfolio turnover ratio (times) ⁽³⁾				
	0.11	0.88	0.76	0.32

* Above prices and net asset value per unit are not shown as ex-distribution.

Note:

(1) Total return is the actual/annualised return of the Fund for the respective financial period/years computed based on the net asset value per unit and net of all fees.

(2) Total expense ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis. The TER increased by 0.04% as compared to 1.15% per annum for the financial year ended 31 July 2021 mainly due to decrease in average fund size.

(3) Portfolio turnover ratio ("PTR") is calculated based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis. The PTR decreased by 0.77 times (87.5%) as compared to 0.88 times for the financial year ended 31 July 2021 mainly due to decrease in investing activities.

Average Total Return (as at 31 January 2022)

	AmDynamic Sukuk ^(a) %	BPAMCSI/AIBIM BMSSI ^{** (b)} %
One year		
- Class A	-2.05	-0.06
- Class B	-2.06	-0.06
Three years		
- Class A	3.97	4.98
- Class B	3.99	4.98
Five years		
- Class A	4.20	5.17
- Class B	4.20	5.17
Since launch		
- Class A (20 June 2012)	4.17	4.03
- Class B (16 March 2015)	4.29	4.89

Annual Total Return

Financial Years Ended (31 July)	AmDynamic Sukuk ^(a) %	BPAMCSI ^(b) %
2021		
- Class A	-2.30	0.65
- Class B	-2.28	0.65
2020		
- Class A	8.38	8.55
- Class B	8.37	8.55
2019		
- Class A	9.86	9.41
- Class B	9.93	9.41
2018		
- Class A	4.35	4.80
- Class B	4.31	4.80
2017		
- Class A	3.12	3.79
- Class B	3.07	3.79

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

(b) BPAM Corporates Sukuk Index ("BPAMCSI") (Available at www.aminvest.com)

** Benchmark – Until 25 July 2015 – Bloomberg AIBIM Bursa Malaysia
Sovereign Shariah Index (BMSSI).

– from 26 July 2016 onwards – BPAM Corporates Sukuk Index

The Fund performance is calculated based on 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

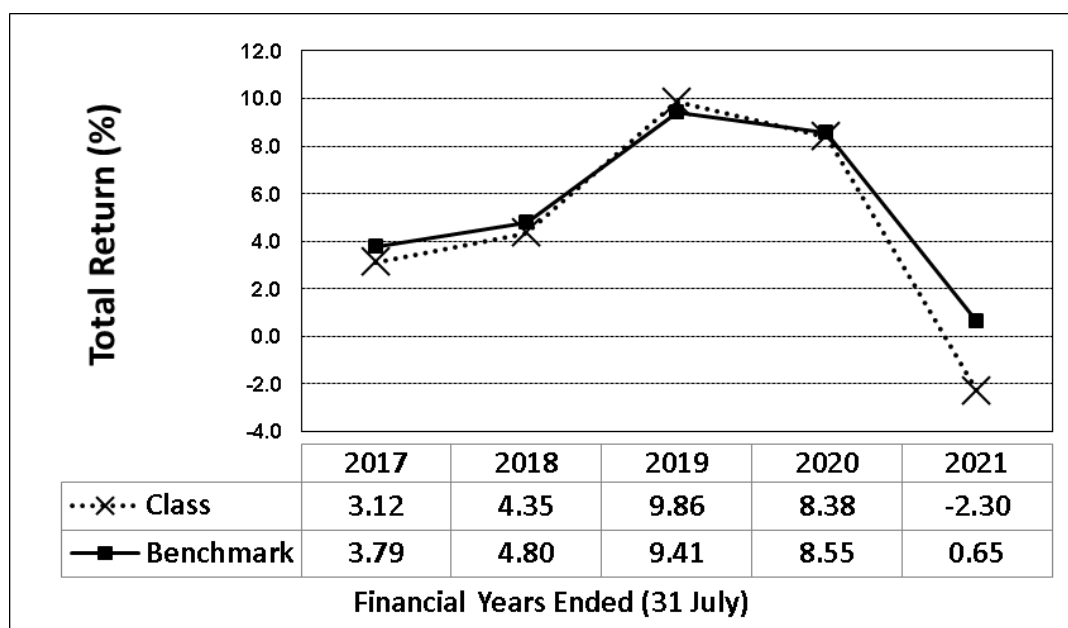
Class A

For the financial period under review, the Fund registered a negative return of 0.44% which was entirely capital in nature.

Thus, the Fund's negative return of 0.44% has underperformed the benchmark's return of 0.19% by 0.63%.

As compared with the financial year ended 31 July 2021, the net asset value ("NAV") per unit of the Fund decreased by 0.44% from RM1.3893 to RM1.3832, while units in circulation decreased by 2.26% from 10,965,848 units to 10,717,929 units.

The line chart below shows comparison between the annual performances of AmDynamic Sukuk – Class A and its benchmark, BPAMCSI, for the financial years ended 31 July.



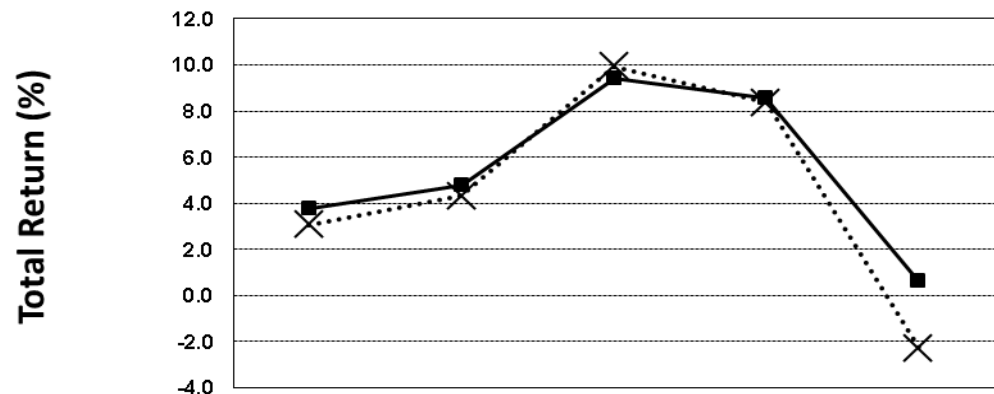
Class B

For the financial period under review, the Fund registered a negative return of 0.45% which was entirely capital in nature.

Thus, the Fund's negative return of 0.45% has underperformed the benchmark's return of 0.19% by 0.64%.

As compared with the financial year ended 31 July 2021, the net asset value ("NAV") per unit of the Fund decreased by 0.45% from RM 1.3402 to RM1.3342, while units in circulation decreased by 0.72% from 1,968,810 units to 1,954,637 units.

The line chart below shows comparison between the annual performances of AmDynamic Sukuk – Class B and its benchmark, BPAMCSI, for the financial years ended 31 July.



	2017	2018	2019	2020	2021
...x... Class	3.07	4.31	9.93	8.37	-2.28
—■— Benchmark	3.79	4.80	9.41	8.55	0.65

Financial Years Ended (31 July)

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

To achieve the investment objective, the Fund undertakes active management to enhance and optimize returns from investing in sovereign, quasi-sovereign and corporate sukuk. There is no minimum rating for a sukuk purchased or held by the Fund. This is to enable the Investment Manager of the Fund to take a relatively high level of calculated credit risk for the Fund, justified by the relatively high level of expected return that could be generated by the Fund in return for taking the higher level of credit risk. In managing the Fund, the Investment Manager may option to invest in the investments either directly or via collective investment schemes.

In managing the Fund, the Investment Manager of the Fund employs active tactical duration management; yield curve positioning and credit spread arbitrage. Credit spread arbitrage and yield curve positioning is part of relative value approach that involves analysis of general economic and market conditions and the use of models to analyze and compare expected returns as well as the assumed risks. The Investment Manager will focus on sukuk that would deliver better returns to the Fund for a given level of risk. In addition, the Investment Manager may also consider sukuk with favourable or improving credit outlook that provide the potential for capital appreciation for these investments. The Fund may invest in sukuk of varying maturities. The Fund's investment maturity profile is subject to active tactical duration management in view of the interest rate scenario without any portfolio maturity limitation.

The Fund may invest globally in foreign markets where the regulatory authority is a member of the International Organization of Securities Commissions ("IOSCO").

Portfolio Structure	<p>This table below is the asset allocation of the Fund for the financial period/year under review.</p> <table border="1" data-bbox="363 219 1465 495"> <thead> <tr> <th></th> <th>As at 31.1.2022 %</th> <th>As at 31.7.2021 %</th> <th>Changes %</th> </tr> </thead> <tbody> <tr> <td>Corporate sukuk</td> <td>84.62</td> <td>80.41</td> <td>4.21</td> </tr> <tr> <td>Government Investment Issues</td> <td>9.78</td> <td>9.77</td> <td>0.01</td> </tr> <tr> <td>Money market deposits and cash equivalents</td> <td>5.60</td> <td>9.82</td> <td>-4.22</td> </tr> <tr> <td>Total</td> <td>100.00</td> <td>100.00</td> <td></td> </tr> </tbody> </table> <p>For the financial period under review, 84.62% of the Fund's NAV was invested in corporate sukuk, 9.78% in government investment issues and 5.60% in money market deposit and cash equivalents.</p>		As at 31.1.2022 %	As at 31.7.2021 %	Changes %	Corporate sukuk	84.62	80.41	4.21	Government Investment Issues	9.78	9.77	0.01	Money market deposits and cash equivalents	5.60	9.82	-4.22	Total	100.00	100.00	
	As at 31.1.2022 %	As at 31.7.2021 %	Changes %																		
Corporate sukuk	84.62	80.41	4.21																		
Government Investment Issues	9.78	9.77	0.01																		
Money market deposits and cash equivalents	5.60	9.82	-4.22																		
Total	100.00	100.00																			
Securities Lending / Repurchase Transactions	<p>The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").</p>																				
Cross Trade	<p>There were no cross trades undertaken during the financial period under review.</p>																				
Distribution/ Unit splits	<p>There was no income distribution and unit split declared for the financial period under review.</p>																				
State of Affairs	<p>There has been neither significant changes to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial period under review.</p>																				
Rebates and Soft Commission	<p>During the period, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.</p>																				
Market Review	<p>In August 2021, the local sukuk market was subdued as investors stayed on the sidelines due to local political uncertainty that eventually ended with the swearing-in of Dato' Sri Ismail Sabri as the new Prime Minister. The quarter ended on a weaker note in September as market sentiment was dampened by cabinet's proposal to increase Malaysia's statutory debt ceiling from 60% to 65% of Gross Domestic Product (GDP) which fueled supply concerns. Meanwhile, Bank Negara Malaysia (BNM) kept its policy rate at 1.75%. Market reaction was fairly muted, with greater attention paid towards the rise in United States Treasury (UST) yields following a more hawkish United States (US) Federal Reserve dot plot.</p> <p>In 4Q21, global concerns over inflation led markets to price in rate hikes by the US Fed in 2022. The US central bank also announced commencement of its asset tapering programme as widely expected in its December meeting. On the domestic front, there was no additional negative news from Budget 2022 on the fixed income market with fiscal deficit and government debt ceiling already largely factored in. Heading towards end of the year, markets saw subdued trading volume.</p> <p>Moving on to January 2022, UST market was volatile as the US Fed turned hawkish, acknowledging the persistently high inflation in the US. Market participants were expecting as much as 100bps US policy rate hikes for the year. As a result, UST yield curve saw yields shift sharply higher. The spike in UST yields also spilled over to emerging markets, including Malaysia. Nevertheless, BNM maintained its</p>																				

	<p>policy rate unchanged at 1.75%, taking note of inflation risk but emphasized that downside risks to growth persists. BNM's relatively dovish tone kept the rise in sovereign bond yields in check, with the Government Investment Issues (GII) yield curve only shifting 2 – 10bps higher.</p>
Market Outlook	<p>US Federal Reserve will raise the key rate to rein in the high inflation in US, while BNM likely to stay patient, given the softer domestic inflation. Given the divergence, local fixed income market will be driven more by domestic factors.</p>
Additional Information	<p>The following information was updated:</p> <p>1) The Eighth Supplementary Master Prospectus dated 20 December 2021 has been registered with the Securities Commission Malaysia, to include the changes of but not limited to:</p> <ul style="list-style-type: none"> • the update on definition of “Classes”; • the update on the investment committee; • the update on the Shariah Adviser’s information; • the revision made to the section on Related Party Transactions / Conflict of Interest; and • the update to the section on Taxation <p>Notice of the changes for the Eighth Supplementary Master Prospectus dated 20 December 2021 has been published on our website at www.aminvest.com and sent to the Unit Holders.</p>

Kuala Lumpur, Malaysia
AmFunds Management Berhad

24 March 2022

AmDynamic Sukuk

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2022

	Note	31.1.2022 (unaudited) RM	31.7.2021 (audited) RM
ASSETS			
Shariah-compliant investments	4	16,455,118	16,117,893
Tax recoverable		4,364	4,196
Amount due from Manager	5(a)	-	100
Deposit with financial institution	6	990,048	1,767,086
Cash at bank		10,435	10,976
TOTAL ASSETS		17,459,965	17,900,251
LIABILITIES			
Amount due to Manager	5(b)	15,776	15,608
Amount due to Trustee	7	889	878
Sundry payables and accruals		10,934	10,019
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		27,599	26,505
NET ASSET VALUE (“NAV”) OF THE FUND ATTRIBUTABLE TO UNIT HOLDERS		17,432,366	17,873,746
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS OF THE FUND COMPRISE:			
Unit holders’ contribution	9(a)(b)	15,513,493	15,876,374
Retained earnings	9(c)(d)	1,918,873	1,997,372
	9	17,432,366	17,873,746
NET ASSET VALUE			
- Class A		14,824,511	15,235,237
- Class B		2,607,855	2,638,509
		17,432,366	17,873,746
UNITS IN CIRCULATION			
- Class A	9(a)	10,717,929	10,965,848
- Class B	9(b)	1,954,637	1,968,810
NAV PER UNIT (RM)			
- Class A		1.3832	1.3893
- Class B		1.3342	1.3402

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

AmDynamic Sukuk

CONDENSED STATEMENT OF COMPREHENSIVE INCOME *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

	Note	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.1.2021 RM
SHARIAH-COMPLIANT INVESTMENT INCOME			
Profit income		339,283	442,908
Other income – exit penalty	9(a)(b)	4,474	42,524
Net losses from Shariah-compliant investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	<u>(316,385)</u>	<u>(468,778)</u>
		<u>27,372</u>	<u>16,654</u>
EXPENDITURE			
Manager’s fee	5	(89,010)	(127,022)
Trustee’s fee	7	(5,341)	(7,621)
Audit fee		(2,512)	(2,244)
Tax agent’s fee		(2,067)	(2,044)
Other expenses		<u>(6,941)</u>	<u>(5,754)</u>
		<u>(105,871)</u>	<u>(144,685)</u>
Net losses before taxation		(78,499)	(128,031)
Taxation	11	<u>-</u>	<u>(7,091)</u>
Net losses after taxation, representing total comprehensive losses for the financial period		<u>(78,499)</u>	<u>(135,122)</u>
Total comprehensive losses comprises the following:			
Realised income		342,311	306,243
Unrealised losses		<u>(420,810)</u>	<u>(441,365)</u>
		<u>(78,499)</u>	<u>(135,122)</u>

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

AmDynamic Sukuk

CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

	Note	Unit holders' contribution - Class A RM	Unit holders' contribution - Class B RM	Retained earnings RM	Total equity RM
At 1 August 2020		12,400,707	6,187,531	3,169,348	21,757,586
Total comprehensive loss for the financial period		-	-	(135,122)	(135,122)
Creation of units	9(a)(b)	8,864,156	4,053,388	-	12,917,544
Cancellation of units	9(a)(b)	(4,013,981)	(196,480)	-	(4,210,461)
Balance at 31 January 2021		<u>17,250,882</u>	<u>10,044,439</u>	<u>3,034,226</u>	<u>30,329,547</u>
At 1 August 2021		12,937,166	2,939,208	1,997,372	17,873,746
Total comprehensive loss for the financial period		-	-	(78,499)	(78,499)
Creation of units	9(a)(b)	71,659	435	-	72,094
Cancellation of units	9(a)(b)	(415,592)	(19,383)	-	(434,975)
Balance at 31 January 2022		<u>12,593,233</u>	<u>2,920,260</u>	<u>1,918,873</u>	<u>17,432,366</u>

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

AmDynamic Sukuk**CONDENSED STATEMENT OF CASH FLOWS (Unaudited)
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

	1.8.2021 to 31.1.2022	1.8.2020 to 31.1.2021
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of Shariah-compliant investments	1,513,450	3,690,000
Profit received	372,223	357,041
Other income – exit penalty	4,474	32,318
Manager’s fee paid	(88,842)	(117,682)
Trustee’s fee paid	(5,330)	(7,110)
Tax agent’s fee paid	-	(4,100)
Tax paid	(3,822)	(192)
Tax refunded	3,654	-
Payments for other expenses	(10,605)	(10,610)
Purchase of Shariah-compliant investments	(2,200,000)	(17,083,380)
Net cash used in operating and investing activities	<u>(414,798)</u>	<u>(13,143,715)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	72,194	12,942,725
Payments for cancellation of units	(434,975)	(3,212,982)
Net cash (used in)/generated from financing activities	<u>(362,781)</u>	<u>9,729,743</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(777,579)	(3,413,972)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>1,778,062</u>	<u>7,261,662</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>1,000,483</u>	<u>3,847,690</u>
Cash and cash equivalents comprise:		
Deposit with financial institution	990,048	2,837,132
Cash at bank	10,435	1,010,558
	<u>1,000,483</u>	<u>3,847,690</u>

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

AmDynamic Sukuk

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

1. GENERAL INFORMATION

AmDynamic Sukuk (“the Fund”) was established pursuant to a Deed dated 20 May 2011 as amended by Deeds Supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, Deutsche Trustees Malaysia Berhad as the Trustee and all unit holders.

The Fund aims to provide capital appreciation by investing primarily in sukuk both locally and globally. As provided in the Deed, “the accrual period” or financial year shall end on 31 July and the units in the Fund for Class A and Class B were first offered for sale on 12 June 2012 and 16 July 2014 respectively.

The financial statements were authorised for issue by the Manager on 24 March 2022.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared on a historical cost basis, except as otherwise stated in the accounting policies and comply with Malaysian Financial Reporting Standards 134: Interim Financial Reporting (“MFRS 134”) as issued by the Malaysian Accounting Standards Board (“MASB”).

Standards effective during the financial period

The adoption of MFRS which has been effective during the financial period did not have any material financial impact to the financial statements, which as per the following:

Description	Effective for financial periods beginning on or after
<i>Interest Rate Benchmark Reform—Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021

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:

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

Standards issued but not yet effective (cont'd.)

Description	Effective for financial periods beginning on or after
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16)*	1 April 2021
Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018-2020”	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 <i>Business Combinations</i>)*	1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 <i>Property, Plant and Equipment</i>)*	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>)	1 January 2022
Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 <i>Insurance Contracts</i>)*	1 January 2022
MFRS 17 <i>Insurance Contracts</i> and Amendments to MFRS 17*	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contracts</i>)*	1 January 2023
Amendments to MFRS 101: <i>Presentation of Financial Statements</i> <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>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 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*</i>	Deferred

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Income recognition

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

3.1 Income recognition (cont'd.)

(i) Profit income

For all profit-bearing financial assets, profit income is calculated using the effective profit method. Effective profit rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective profit rate, but not future credit losses.

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

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

On disposal of Shariah-compliant investments, the net realised gain or loss on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the Shariah-compliant investments. The net realised gain or loss is recognised in profit or loss.

3.2 Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

3.3 Functional and presentation currency

Functional currency is the currency of the primary economic environment in which the Fund operates that most faithfully represents the economic effects of the underlying transactions. The functional currency of the Fund is Ringgit Malaysia ("RM") which reflects the currency in which the Fund competes for funds, issues and redeems units. The Fund has also adopted RM as its presentation currency.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

3.4 Statement of cash flows

The Fund adopts the direct method in the preparation of the statement of cash flows.

Cash and cash equivalents are short-term, highly liquid Shariah-compliant investments that are readily convertible to cash with insignificant risk of changes in value.

3.5 Distribution

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

3.6 Unit holders' contribution

The unit holders' 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 unit holders are 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 which further details are disclosed in Note 9.

3.7 Financial assets – initial recognition and measurement

(i) Initial recognition

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

3.7 Financial assets – initial recognition and measurement (cont'd.)

(ii) Initial measurement

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

(iii) “Day 1” profit or loss

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

3.8 Financial assets – classification and subsequent measurement

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

Business model

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

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

Cash flow characteristics

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

3.9 Financial assets under MFRS 9

(i) Classification and measurement

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

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

Financial assets at amortised cost

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

Financial assets at FVOCI

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

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

(i) Classification and measurement (cont'd.)

Financial assets at FVOCI (cont'd.)

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

Financial assets at FVTPL

Any financial assets that are not measured at amortised cost or FVOCI are measured at FVTPL. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in "Net gain or loss on financial assets at FVTPL". Profit earned element of such instrument is recorded in "Profit income".

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

3.10 Financial liabilities – classification and subsequent measurement

Financial liabilities issued by the Fund are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holder. After initial measurement, financial liabilities are subsequently measured at amortised cost using the effective profit method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective profit rate.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

3.11 Derecognition of financial instruments

(i) Derecognition of financial asset

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

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

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

(ii) Derecognition of financial liability

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

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

The Fund assesses on a forward-looking basis the ECL associated with its financial assets at amortised cost. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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 CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

3.13 Determination of fair value

For Shariah-compliant investments in local fixed income securities, nominal value is the face value of the securities and fair value is determined based on the indicative prices from Bond Pricing Agency Malaysia Sdn Bhd plus accrued profit, which includes the accretion of discount and amortisation of premium. Adjusted cost of Shariah-compliant investments relates to the purchased cost plus accrued profit, adjusted for amortisation of premium and accretion of discount, if any, calculated over the period from the date of acquisition to the date of maturity of the respective securities as approved by the Manager and the Trustee. The difference between adjusted cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gains or losses recognised in profit or loss are not distributable in nature.

3.14 Classification of realised and unrealised gains and losses

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

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

3.15 Significant accounting estimates and judgments

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

The Fund classifies its Shariah-compliant investments as financial assets at FVTPL as the Fund may sell its Shariah-compliant investments in the short-term for profit-taking or to meet unit holders' cancellation of units.

No major judgments have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

4. SHARIAH-COMPLIANT INVESTMENTS

	Note	31.1.2022 RM	31.7.2021 RM
Financial assets at FVTPL			
At nominal value:			
Corporate sukuk	(a)	14,400,000	13,600,000
Government Investment Issues	(b)	1,700,000	1,700,000
		<u>16,100,000</u>	<u>15,300,000</u>
At fair value:			
Corporate sukuk	(a)	14,750,689	14,371,657
Government Investment Issues	(b)	1,704,429	1,746,236
		<u>16,455,118</u>	<u>16,117,893</u>

Details of Shariah-compliant investments as at 31 January 2022 are as follows:

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
(a) Corporate sukuk					
23.10.2023	Affin Islamic Bank Berhad	700,000	724,720	724,073	4.16
10.11.2023	Jimah Energy Ventures Sdn. Bhd.	300,000	340,607	331,673	1.95
27.02.2025	TG Excellence Berhad	800,000	809,079	813,679	4.64
19.03.2026	IJM Land Berhad	500,000	524,866	531,835	3.01
21.12.2026	MBSB Bank Berhad	500,000	526,172	503,092	3.02
27.09.2027	IJM Land Berhad	200,000	199,802	203,597	1.15
16.11.2027	Dialog Group Berhad	700,000	695,341	706,128	3.99
03.12.2027	Sime Darby Property Berhad	700,000	682,662	703,935	3.92
16.03.2028	Tanjung Bin Energy Sdn. Bhd.	400,000	435,960	422,634	2.50
20.04.2028	UMW Holdings Berhad	800,000	889,915	843,553	5.10
23.06.2028	SP Setia Berhad	1,000,000	1,009,531	1,004,241	5.79
28.12.2028	PONSB Capital Berhad	1,500,000	1,520,574	1,507,134	8.72

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

Details of Shariah-compliant investments as at 31 January 2022 are as follows: (cont'd.)

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
(a) Corporate sukuk (cont'd)					
04.12.2029	Jimah East Power Sdn. Bhd.	1,000,000	1,087,961	1,114,345	6.24
12.12.2029	DRB-Hicom Berhad	300,000	300,752	302,096	1.73
13.05.2030	Danum Capital Berhad	1,000,000	953,331	1,007,031	5.47
12.08.2030	Gamuda Land (T12) Sdn. Bhd.	500,000	484,693	509,242	2.78
21.10.2030	Pengerang LNG (Two) Sdn. Bhd.	500,000	465,135	504,205	2.67
02.12.2030	Konsortium Lebuhraya Utara-Timur (KL) Sdn. Bhd.	500,000	511,792	522,279	2.93
30.04.2031	OSK Rated Bond Sdn. Bhd.	1,000,000	1,010,504	1,036,805	5.80
04.12.2031	Jimah East Power Sdn. Bhd.	300,000	337,063	323,164	1.93
28.01.2032	Dialog Group Berhad	700,000	700,341	700,347	4.02
05.07.2034	Edra Energy Sdn. Bhd.	200,000	235,735	247,072	1.35
09.10.2037	Edra Solar Sdn. Bhd.	300,000	304,153	304,690	1.75
	Total corporate sukuk	14,400,000	14,750,689	14,866,850	84.62
(b) Government Investment Issues					
15.10.2030	Government of Malaysia	1,000,000	993,076	1,023,042	5.70
30.11.2034	Government of Malaysia	700,000	711,353	767,894	4.08
	Total Government Investment Issues	1,700,000	1,704,429	1,790,936	9.78
	Total financial assets at FVTPL	16,100,000	16,455,118	16,657,786	94.40
	Shortfall of fair value over adjusted cost		(202,668)		

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

Details of Shariah-compliant investments as at 31 July 2021 are as follows:

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
(a) Corporate sukuk					
23.10.2023	Affin Islamic Bank Berhad	700,000	729,554	728,048	4.08
10.11.2023	Jimah Energy Ventures Sdn. Bhd.	300,000	350,303	338,307	1.96
27.02.2025	TG Excellence Berhad	800,000	827,059	813,419	4.63
19.03.2026	IJM Land Berhad	500,000	530,416	534,207	2.97
21.12.2026	MBSB Bank Berhad	500,000	531,452	502,877	2.97
27.09.2027	IJM Land Berhad	200,000	202,009	203,646	1.13
16.11.2027	Dialog Group Berhad	700,000	715,454	705,969	4.00
03.12.2027	Sime Darby Property Berhad	700,000	700,430	703,804	3.92
16.03.2028	Tanjung Bin Energy Sdn. Bhd.	400,000	460,352	423,604	2.58
20.04.2028	UMW Holdings Berhad	800,000	912,828	845,306	5.11
23.06.2028	SP Setia Berhad	1,000,000	1,017,781	1,004,241	5.69
04.12.2029	Jimah East Power Sdn. Bhd.	1,000,000	1,121,631	1,120,043	6.28
12.12.2029	DRB-Hicom Berhad	300,000	310,085	301,970	1.73
04.01.2030	Edra Energy Sdn. Bhd.	300,000	343,508	310,080	1.92
13.05.2030	Danum Capital Berhad	1,000,000	985,190	1,006,760	5.51
12.08.2030	Gamuda Land (T12) Sdn. Bhd.	500,000	498,129	508,869	2.79
21.10.2030	Pengerang LNG (Two) Sdn. Bhd.	500,000	481,448	504,123	2.69
02.12.2030	Konsortium Lebuhraya Utara-Timur (KL) Sdn. Bhd.	500,000	543,323	522,955	3.04

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

Details of Shariah-compliant investments as at 31 July 2021 are as follows: (cont'd.)

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
(a) Corporate sukuk (cont'd)					
30.04.2031	OSK Rated Bond Sdn. Bhd.	1,000,000	1,038,963	1,037,551	5.81
04.12.2031	Jimah East Power Sdn. Bhd.	300,000	347,917	323,949	1.95
25.11.2033	Sarawak Energy Berhad	400,000	434,950	403,526	2.43
05.07.2034	Edra Energy Sdn. Bhd.	200,000	235,882	248,472	1.32
13.02.2035	Lembaga Pembiayaan Perumahan Sektor Awam	200,000	192,770	203,138	1.08
25.04.2036	Sarawak Energy Berhad	500,000	553,332	507,193	3.10
09.10.2037	Edra Solar Sdn. Bhd.	300,000	306,891	304,566	1.72
Total corporate sukuk		13,600,000	14,371,657	14,106,623	80.41
(b) Government Investment Issues					
15.10.2030	Government of Malaysia	1,000,000	1,024,630	1,023,430	5.73
30.11.2034	Government of Malaysia	700,000	721,606	769,698	4.04
Total Government Investment Issues		1,700,000	1,746,236	1,793,128	9.77
Total financial assets at FVTPL		15,300,000	16,117,893	15,899,751	90.18
Excess of fair value over adjusted cost			218,142		

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

5. AMOUNT DUE FROM/TO MANAGER

	Note	31.1.2022 RM	31.7.2021 RM
(a) Due from Manager			
Creation of units	(i)	<u>-</u>	<u>100</u>
(b) Due to Manager			
Manager's fee payable	(ii)	<u>15,776</u>	<u>15,608</u>

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

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

(ii) Manager's fee is at a rate of 1.00% (2021: 1.00%) per annum on the NAV of the Fund, calculated on a daily basis.

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

6. DEPOSIT WITH FINANCIAL INSTITUTION

	31.1.2022 RM	31.7.2021 RM
At nominal value:		
Short-term deposit with a licensed Islamic bank	<u>990,000</u>	<u>1,767,000</u>
At carrying value:		
Short-term deposit with a licensed Islamic bank	<u>990,048</u>	<u>1,767,086</u>

Details of deposit with financial institution is as follows:

Maturity date	Bank	Nominal value RM	Carrying value RM	Carrying value as a percentage of NAV %
31.1.2022				
Short-term deposit with a licensed Islamic bank				
03.02.2022	RHB Islamic Bank Berhad	<u>990,000</u>	<u>990,048</u>	<u>5.68</u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

6. DEPOSIT WITH FINANCIAL INSTITUTION (CONT'D.)

Details of deposit with financial institution is as follows: (cont'd.)

Maturity date	Bank	Nominal value RM	Carrying value RM	Carrying value as a percentage of NAV %
31.7.2021				
	Short-term deposit with a licensed Islamic bank			
02.08.2021	RHB Islamic Bank Berhad	<u>1,767,000</u>	<u>1,767,086</u>	<u>9.89</u>

7. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.06% (2021: 0.06%) per annum on the NAV of the Fund, calculated on a daily basis, subject to a minimum of RM10,000 per annum.

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

8. NET LOSSES FROM SHARIAH-COMPLIANT INVESTMENTS

	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.1.2021 RM
Net losses on financial assets at FVTPL comprised:		
- Net realised gain/(loss) on sale of Shariah-compliant investments	104,425	(27,413)
- Net unrealised losses on changes in fair value of Shariah-compliant investments	<u>(420,810)</u>	<u>(441,365)</u>
	<u>(316,385)</u>	<u>(468,778)</u>

AmDynamic Sukuk

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

9. NAV ATTRIBUTABLE TO UNIT HOLDERS

Total NAV attributable to unit holders is represented by:

	Note	31.1.2022 RM	31.7.2021 RM
Unit holders' contribution - Class A	(a)	12,593,233	12,937,166
Unit holders' contribution - Class B	(b)	2,920,260	2,939,208
Retained earnings			
- Realised income	(c)	2,121,541	1,779,230
- Unrealised (loss)/gain	(d)	(202,668)	218,142
		<u>17,432,366</u>	<u>17,873,746</u>

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

Classes of units	Currency denomination	Category of investors	Distribution policy
Class A	RM	Mixed	Incidental
Class B	RM	Mixed	Incidental

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

- (i) Minimum initial investments
- (ii) Entry charges

(a) Unit holders' contribution/units in circulation - Class A

	31.1.2022		31.7.2021	
	Number of units	RM	Number of units	RM
At beginning of the financial period/year	10,965,848	12,937,166	10,674,363	12,400,707
Creation during the financial period/year	51,890	71,659	6,264,837	9,002,634
Distribution reinvested	-	-	243,650	337,747
Cancellation during the financial period/year	(299,809)	(415,592)	(6,217,002)	(8,803,922)
At end of the financial period/year	<u>10,717,929</u>	<u>12,593,233</u>	<u>10,965,848</u>	<u>12,937,166</u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

9. NAV ATTRIBUTABLE TO UNIT HOLDERS (CONT'D.)

(b) Unit holders' contribution/units in circulation - Class B

	31.1.2022		31.7.2021	
	Number of units	RM	Number of units	RM
At beginning of the financial period/year	1,968,810	2,939,208	4,545,307	6,187,531
Creation during the financial period/year	327	435	2,961,633	4,055,599
Cancellation during the financial period/year	(14,500)	(19,383)	(5,538,130)	(7,303,922)
At end of the financial period/year	<u>1,954,637</u>	<u>2,920,260</u>	<u>1,968,810</u>	<u>2,939,208</u>

The Manager charges an exit penalty fee of 1.00% (2021: 1.00%) on the NAV per unit of the Fund during the financial period. The exit penalty shall be placed back to the Fund.

(c) Realised – distributable

	31.1.2022 RM	31.7.2021 RM
At beginning of the financial period/year	1,779,230	2,355,492
Realised income/(loss) for the financial period/year	342,311	(238,515)
Finance cost - distribution to unit holders	-	(337,747)
Net realised income/(loss) for the financial period/year	<u>342,311</u>	<u>(576,262)</u>
At end of the financial period/year	<u>2,121,541</u>	<u>1,779,230</u>

(d) Unrealised – non-distributable

	31.1.2022 RM	31.7.2021 RM
At beginning of the financial period/year	218,142	813,856
Net unrealised losses for the financial period/year	(420,810)	(595,714)
At end of the financial period/year	<u>(202,668)</u>	<u>218,142</u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

10. UNITS HELD BY THE MANAGER AND RELATED PARTIES

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

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

There were no units held by the Manager or any related party as at 31 January 2022 and 31 July 2021.

11. TAXATION

	1.8.2021 to 31.1.2022	1.8.2020 to 31.1.2021
	RM	RM
Current financial period - local tax	<u>-</u>	<u>7,091</u>

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

Pursuant to Schedule 6 of the Income Tax Act, 1967, provided that the exemption shall not apply to the profit paid on credited to a unit trust that is a wholesale fund which is a money market fund. Profit income earned by Funds other than wholesale money market fund is exempted from tax.

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

	1.8.2021 to 31.1.2022	1.8.2020 to 31.1.2021
	RM	RM
Net losses before taxation	<u>(78,499)</u>	<u>(128,031)</u>
Taxation at Malaysian statutory rate of 24% (2021: 24%)	(18,840)	(30,727)
Tax effects of:		
Income not subject to tax	(106,490)	(106,298)
Loss not allowed for tax deduction	100,994	112,507
Restriction on tax deductible expenses for unit trust fund	20,892	28,029
Non-permitted expenses for tax purposes	<u>3,444</u>	<u>3580</u>
Tax expense for the financial period	<u>-</u>	<u>7,091</u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

12. DISTRIBUTION

No distribution was declared by the Fund for the financial periods ended 31 January 2022 and 31 January 2021.

13. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	1.8.2021 to 31.1.2022	1.8.2020 to 31.1.2021
	% p.a.	% p.a.
Manager’s fee	1.00	1.00
Trustee’s fee	0.06	0.06
Fund’s other expenses	0.13	0.08
Total TER	<u>1.19</u>	<u>1.14</u>

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.

14. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of Shariah-compliant investments to the average NAV of the Fund calculated on a daily basis, is 0.11 times (2021: 0.41 times).

15. SEGMENTAL REPORTING

In accordance with the objective of the Fund, substantially all of the Fund’s Shariah-compliant investments are made in the form of Shariah-compliant fixed income securities and Islamic money market instruments in Malaysia. The Manager is of the opinion that the risk and rewards from these Shariah-compliant investments are not individually or segmentally distinct and hence the Fund does not have a separately identifiable business or geographical segments.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

16. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with financial institutions for the financial period ended 31 January 2022 are as follows:

Financial institutions	Transaction value	
	RM	%
CIMB Bank Berhad	2,200,000	58.95
RHB Investment Bank Berhad	561,388	15.04
United Overseas Bank (Malaysia) Bhd	436,757	11.70
Affin Hwang Investment Bank Berhad	348,545	9.34
Hong Leong Bank Berhad	185,315	4.97
Total	<u>3,732,005</u>	<u>100.00</u>

There was no transaction with financial institutions related to the Manager, during the financial period.

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

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Market risk

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

(a) Market risk (cont'd.)

Financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as Covid-19. The outbreak of Covid-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The outcome of global and local financial markets are highly uncertain and cannot be predicted at this point in time. Due to this, the Manager of the Fund is unable to reliably estimate the quantitative impact of Covid-19 towards the Fund's performance for the next twelve months. The Manager of the Fund will continue to actively monitor the developments in the market to minimise any potential impact to the Fund.

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

(i) Rate of return risk

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

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

Although Islamic Fund does not deal with interest-bearing accounts and products, the fluctuation of profit rate may affect the performance of an Islamic Fund.

(b) Credit risk

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

For deposit with financial institution, the Fund makes placements with financial institutions with sound rating of P1/MARC-1 and above. Cash at bank is held for liquidity purposes and is not exposed to significant credit risk.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

(c) Liquidity risk

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

(d) Single issuer risk

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

(e) Regulatory risk

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

(f) Management risk

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

(g) Non-compliance risk

This is the risk of the Manager or the Trustee not complying with their respective internal policies, the Deed and its Supplemental Deed, securities law or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the Fund.

(h) Shariah non-compliance risk

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

AmDynamic Sukuk

STATEMENT BY THE MANAGER

I, Goh Wee Peng, being the Director of and on behalf of the Board of Directors of AmFunds Management Berhad (the “Manager”), do hereby state that in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards so as to give a true and fair view of the financial position of AmDynamic Sukuk (the “Fund”) as at 31 January 2022 and the comprehensive income, the changes in equity and cash flows for the financial period then ended.

For and on behalf of the Manager

GOH WEE PENG

Executive Director

Kuala Lumpur, Malaysia

24 March 2022

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AMDYNAMIC SUKUK

We have acted as Trustee for AmDynamic Sukuk (the "Fund") for the financial period from 1 August 2021 to 31 January 2022. To the best of our knowledge, for the financial period under review, AmFunds Management Berhad (the "Manager") has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation and pricing for the Fund is carried out in accordance with the Deed(s) of the Fund and any regulatory requirements; and
- (c) creation and cancellation of units for the Fund are carried out in accordance with the Deed(s) of the Fund and any regulatory requirements.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Gerard Ang
Chief Executive Officer

Kuala Lumpur
24 March 2022

Shariah Adviser's Report

To the unit holders of AmDynamic Sukuk ("Fund"),

We hereby confirm:

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

For Amanie Advisors Sdn Bhd

Tan Sri Dr Mohd Daud Bakar

Executive Chairman

Date: 21 March 2022

DIRECTORY

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Email: enquiries@aminvest.com

Postal Address

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

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

