

Semi-Annual Report for

# Precious Metals Securities

30 November 2021



**AmInvest**

Growing Your Investments in a Changing World

## TRUST DIRECTORY

### **Manager**

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

### **Board of Directors**

Jeyaratnam A/L Tamotharam Pillai  
Tai Terk Lin  
Dato' Mustafa Bin Mohd Nor  
Jas Bir Kaur A/P Lol Singh  
Ng Chih Kaye  
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 Precious Metals Securities ("Fund") for the financial period from 1 June 2021 to 30 November 2021.

### Salient Information of the Fund

<b>Name</b>	Precious Metals Securities ("Fund")
<b>Category/ Type</b>	Feeder (Global Islamic Equity) / Growth
<b>Name of Target Fund</b>	DWS Noor Precious Metals Securities Fund
<b>Fund Objective</b>	<p>To achieve capital appreciation by investing in a portfolio of global Shariah-compliant equity and Shariah-compliant equity-related securities (including, without limitation, Islamic depository receipts, but excluding Shariah-compliant preferred shares and sukuk), of companies engaged in activities (exploration, mining and processing) related to gold, silver, platinum or other precious metals or minerals.</p> <p><i>Note: Any material change to the investment objective of the Fund would require Unit Holders' approval.</i></p>
<b>Duration</b>	The Fund was established on 15 November 2007 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interest of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.
<b>Performance Benchmark</b>	<p>FTSE Gold Mines Index ("FGMI") (Available at <a href="http://www.aminvest.com">www.aminvest.com</a>)</p> <p><i>Note: The Fund adheres to the benchmark of the Target Fund. The risk profile of the performance benchmark is not the same as the risk profile of the Fund.</i></p> <p><i>Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). ©LSE Group 2021. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" "FTSE Russell®", is a trade mark(s) of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.</i></p>
<b>Income Distribution Policy</b>	Income distribution (if any) will be reinvested.

<b>Breakdown of Unit Holdings by Size</b>	For the financial period under review, the size of the Fund stood at 440,988,263 units.				
	Size of holding	As at 30 November 2021		As at 31 May 2021	
		No of units held	Number of unitholders	No of units held	Number of unitholders
	5,000 and below	608,811	217	646,641	230
	5,001-10,000	1,080,507	139	1,140,379	147
	10,001-50,000	10,226,691	427	11,386,117	472
	50,001-500,000	30,560,894	228	33,517,177	245
500,001 and above	398,511,360	24	447,039,421	21	

### Fund Performance Data

<b>Portfolio Composition</b>	Details of portfolio composition of the Fund for the financial period as at 30 November 2021 and three financial years as at 31 May are as follows:				
		As at 30.11.2021 %	FY 2021 %	FY 2020 %	FY 2019 %
	Foreign collective investment scheme	97.44	94.41	84.22	95.19
	Money market deposits and cash equivalents	2.56	5.59	15.78	4.81
	<b>Total</b>	<b>100.00</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.*

<b>Performance Details</b>	Performance details of the Fund for the financial period ended 30 November 2021 and three financial years ended 31 May are as follows:				
		Half year ended 30.11.2021	FY 2021	FY 2020	FY 2019
	Net asset value (RM)*	220,625,721	296,555,429	215,806,936	324,980,897
	Units in circulation*	440,988,263	493,729,735	392,395,574	861,559,364
	Net asset value per unit (RM)*	0.5003	0.6006	0.5500	0.3772
	Highest net asset value per unit (RM)*	0.6064	0.6723	0.5974	0.4023
	Lowest net asset value per unit (RM)*	0.4574	0.4839	0.3541	0.3210
	Benchmark performance (%)	-19.34	5.07	69.57	2.28
	Total return (%) <sup>(1)</sup>	-16.70	9.20	45.81	-0.21
	- Capital growth (%)	-16.70	9.20	45.81	-0.21
	- Income distribution (%)	-	-	-	-
	Gross distribution (sen per unit)	-	-	-	-
	Net distribution (sen per unit)	-	-	-	-
	Management expense ratio (%) <sup>(2)</sup>	1.14	1.17	1.17	1.15
	Portfolio turnover ratio (times) <sup>(3)</sup>	0.07	1.15	1.85	1.00

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

Note:

- (1) Total return is the actual 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) Management expense ratio ("MER") 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 MER decreased by 0.03% as compared to 1.17% per annum for the financial year ended 31 May 2021 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 PTR decreased by 1.08 times (93.9%) as compared to 1.15 times for the financial year ended 31 May 2021 mainly due to decrease in investing activities.

**Average Total Return (as at 30 November 2021)**

	Precious Metals Securities <sup>(a)</sup> %	FGMI <sup>(b)</sup> %
One year	-3.99	-9.21
Three years	13.49	17.59
Five years	4.32	6.69
Ten years	-5.30	-3.81

**Annual Total Return**

Financial Years Ended (31 May)	Precious Metals Securities <sup>(a)</sup> %	FGMI <sup>(b)</sup> %
2021	9.20	5.07
2020	45.81	69.57
2019	-0.21	2.28
2018	-7.83	-11.59
2017	-0.49	4.08

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

(b) FTSE Gold Mines Index ("FGMI") (Available at [www.aminvest.com](http://www.aminvest.com))

The Fund performance is calculated based on the net asset value per unit of the Fund. Average total return of the Fund and its benchmark for a period is computed based on the absolute return for that period annualised over one year.

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

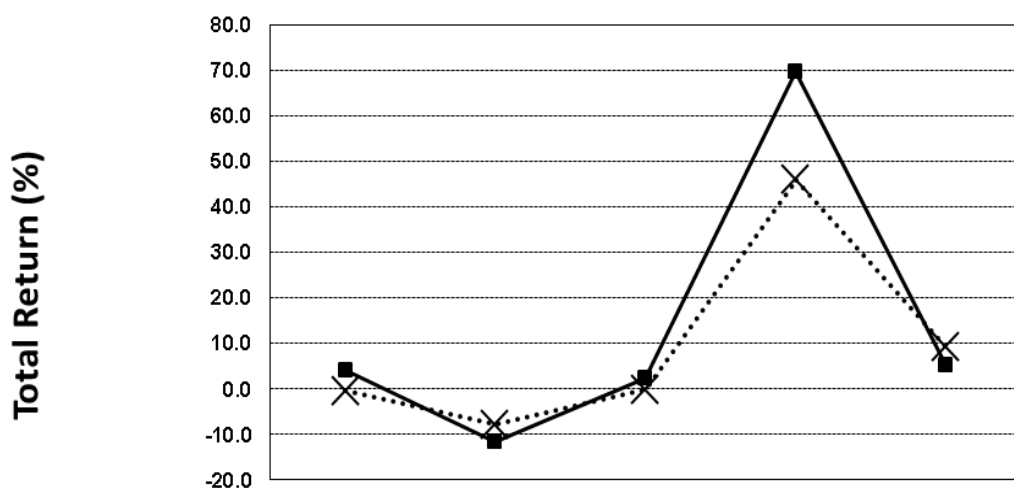
**Fund Performance**

For the financial period under review, the Fund registered a negative return of 16.70% which was entirely capital in nature.

Thus, the Fund's negative return of 16.70% has outperformed the benchmark's negative return of 19.34% by 2.64%.

As compared with the financial year ended 31 May 2021, the net asset value ("NAV") per unit of the Fund decreased by 16.70% from RM0.6006 to RM0.5003, while units in circulation have decreased by 10.68% from 493,729,735 units to 440,988,263 units.

The line chart below shows comparison between the annual performances of Precious Metals Securities and its benchmark, FGMI, for the financial years ended 31 May.



	2017	2018	2019	2020	2021
···x··· Fund	-0.49	-7.83	-0.21	45.81	9.20
—■— Benchmark	4.08	-11.59	2.28	69.57	5.07

Financial Years Ended (31 May)

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

**Performance of the Target Fund**

**Fund Performance Review of the Target Fund – DWS Noor Precious Metals Securities Fund (the “Target Fund”)**

The period under review saw heightened volatility associated with the ongoing COVID-19 pandemic persist as markets grappled with the impact of new variants such as Delta and Omicron. As the recovery forged ahead, central banks began pivoting to focus on reigning in rising inflation, heralding the removal of monetary support and, ultimately, rising rates. Gold and precious metals prices were whipsawed as they continued to exhibit sensitivity to central bank policies, USD movements, changes in real rates, and inflation. For the period under review, Palladium, Platinum, Silver, and Gold each had negative returns of -38.50%, -21.10%, -18.52%, and -6.94%, respectively. The S&P BMI Gold and Precious Metals Index was down -18.54% while the fund lost -18.18% during the period.

*Source: DWS, as at 30 November 2021*

**Strategies and Policies Employed**

**Strategies and Policies employed by Target Fund**

We continue to keep the fund invested in companies with strong management teams that have shown the ability to execute with operational stability and have a lower than average financial and operational risk profile. We believe this approach will generate alpha through the entire price cycle. However, deploying this approach does leave the fund underexposed to firms with extreme levels of operational and financial leverage. As such, the fund may underperform in the short term, during periods with elevated upward Gold price volatility.

We believe our approach will more than make up for the lack of gearing to the Gold price in environments with elevated volatility through company specific re-ratings. As portfolio firms demonstrate the increase in overall production level and financial flexibility that accompany exiting the heavy spending portion of the capex cycle, we believe investors will respond by increasing valuations relative to peers, driving alpha.

Source: DWS, as at 30 November 2021

### Strategies and Policies of the Fund

For the financial period under review, a minimum of 95% of its NAV was invested in the share class denominated in USD of the Target Fund.

### Portfolio Structure

This table below is the asset allocation of the Fund for the financial period/year under review.

	As at 30.11.2021 %	As at 31.5.2021 %	Changes %
Foreign collective investment scheme	97.44	94.41	3.03
Money market deposits and cash equivalents	2.56	5.59	-3.03
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	

As at 30 November 2021, the Fund has invested 97.44% of its NAV in the foreign collective investment scheme and 2.56% of its NAV in money market deposits and cash equivalents. There have been no significant changes to the asset allocation since the last reporting.

### Cross Trade

There were no cross trades undertaken during the financial period under review.

### Distribution/ Unit splits

There was no income distribution and unit split declared for the financial period under review.

### State of Affairs

The cessation of sales of the Fund was announced to begin 31 May 2021. The Fund was available for subscription upon the issuance of the Seventh Supplementary Master Prospectus dated 26 October 2021.

### Rebates and Soft Commission

During the period, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.

### Market Review

After catching a bid in May on inflationary concerns, messaging out of the U.S. Federal Reserve saw Precious Metals reverse the majority of prior-month gains in June, with Gold retracing after failing to sustain rallies above \$1,900/oz. Investors remained cautious ahead of the FOMC meeting, with Gold ultimately selling off in response to FOMC meeting minutes, which suggested rate hikes as early as 2023 and initiated talk of tapering. The U.S. dollar also resumed its climb, applying further pressure, and Gold ETF flows turned slightly negative during the month. During the month, the Gold price fluctuated in sync with movements in real yield, which moved in sync with nominal yields during the month. During the first half of June, the Gold price declined as real yields rose. Then, during second half of the month when real yields began to decline again, the Gold price found a floor and rebounded by end of month, finding footing near the \$1,800/oz level. Meanwhile, Platinum and Palladium prices moved in sync with industrial metals sentiment, which came under pressure in June as Chinese authorities continued to try and cap prices on raw materials.

During the month of July, the Precious Metals sector posted gains, with Gold exhibiting resiliency in the face of falling real yields (in line with the correlation we've seen over the last 12 months). This trend sustained despite persistent U.S. Dollar strength throughout most of the period. Prices were further supported into month-



end after the U.S. Federal Reserve (Fed) left policy unchanged; Fed inaction suggests a continued focus on employment over reigning in inflation, an incremental positive for Gold in the near-term. Meanwhile, late in the month, Platinum and Palladium prices retreated further on concerns over global industrial production and manufacturing activity, which investors fear could face headwinds from the spread of the Delta variant. Precious Metals prices trended downward in August, though Gold traded sideways to end the month roughly flat as a weak U.S. dollar and expectations for rates to hold near-zero for the time being outweighed initial pressure from tapering expectations. Despite the removal of monetary support emerging as a headwind for Gold, markets appeared to be pushing this out into the future, relieving some price pressure in the immediate-term. Silver slipped while Palladium and Platinum were the clear laggards during August, trading more in line with industrial metals sentiment during the month. Broad weakness persisted in September, particularly as the U.S. Federal Reserve took a decidedly hawkish tone at the September FOMC meeting. In response, Gold traded down steadily as real yields and the U.S. dollar climbed. However, Gold did see some safe haven buying as risks from Evergrande drove investors towards safe havens. Elsewhere in PGM space, Platinum and Palladium both continued their correction as the global shortage of semiconductors kept physical demand from automakers and catalyst manufacturers largely absent from the market.

Heading into the fourth quarter, Precious Metals found some support during October, with Gold prices drawing a bid in the aftermath of commentary from some U.S. Federal Reserve officials that appeared to indicate more persistent inflation. Silver also benefitted as a cheaper alternative hedge. However, prices retreated again during November following confirmation that Jerome Powell would remain Federal Reserve Chairman. Leading up to the nomination, the market had been positioned for a potential change in leadership that could have created the opportunity for lower rates and slower policy normalization, benefitting Gold. Palladium and Platinum prices remained volatile as uncertainty lingered over how quickly auto production would recover following a slowdown driven by a global shortage of semiconductors; prices corrected sharply in November as they traded lower in sympathy with Gold.

*Source: DWS, as at 30 November 2021*

**Market Outlook**

Since beginning of the global COVID-19 pandemic at the end of first quarter of 2020, commodity markets have experienced sharp, directional movements which have persisted throughout 2020 and 2021. The gold and precious metals sector has been impacted by these same macro drivers. As the recovery of COVID-19 takes root, we expect gold and precious metals performance to be more range bound and that individual company operating performance, will play a greater role in issue selection. Without the tailwind from a rising gold price, we expect the highest quality firms to outperform peers. We anticipate that superior combinations of balance sheet, margin and near-term/de-risked production growth are likely to drive relative outperformance. Looking ahead, we expect Precious Metals to remain under pressure as monetary policy normalizes. For Gold, positive sentiment from increased COVID risks is being balanced by a Fed that has taken a more hawkish stance due to persistently high inflation. Meanwhile, global automobile manufacturing volumes remain at depressed levels, with several automakers indicating that semi-conductor led production shortfalls could persist into 2022 vs. previous expectations of a recovery this year. As a result, market fundamentals are likely to remain loose in the near-term for Platinum and Palladium. Nonetheless, we anticipate that prices will eventually benefit once the recovery in auto gets underway as overall auto inventory levels remain extremely depressed, which will drive increased production demand from restocking.

The diamond market regained momentum with both polished and rough prices bouncing in the back half of November. A strong holiday season is expected by

jewelry retailers, which should support prices for polished goods. We expect strong demand conditions and depressed inventory levels by diamond producers to continue to keep prices elevated going into 2022. We are positive on the diamond mining companies as a combination of attractive valuation and the potential for elevated cash returns to shareholders is likely to draw increasing investor interest, particularly as the environment for Gold prices could become difficult if monetary conditions tighten. Cost inflation has become a key theme in the mining industry, with supply chain issues and labor shortages driving up costs for everything from manpower to tires. Broadly, companies anticipate inflation to be in the order of ~5% next year, which will pressure margins for producers at the top of the cost curve, especially if gold prices retrace. In addition, we anticipate inflation in labor, due to shortage of available workers, and consumables, due to lack of supply and increased delivery timelines, to put upward pressure on capital budgets for new growth projects. We have already seen several incidents of companies revising capital budgets upwards for projects that are already underway. Outside of cost control, rising production can help keep unit costs low and protect margins, even in an inflationary environment. Among other reasons, this sees us continuing to favor companies with the best combination of near-term growth and strong cash flow. Further, the royalty and streaming companies should be insulated from the uplift in operational costs due to their underlying business model. The built-in margin protection against inflation along with elevated margins leaves us with a positive view on these companies.

Longer-term, we expect Gold to remain under pressure as improving macroeconomic conditions make extraordinary monetary policy measures less justified. The Gold price has moved consistently with the change in real yield. The combination of improvement across labor markets, healthy economic growth, and persistently higher inflation have already driven an acceleration in the intended pace of tapering asset purchases by the Fed and some central banks have already begun hiking rates in reaction to inflationary pressure. Nonetheless, hotter-than-expected inflation data has resulted in renewed interest in the space for the time being. We expect Gold prices to experience some volatility in the near future until the market has more clarity on how transitory/sticky inflation will be and as investors continue to gauge the policy response from global central banks.

*Source: DWS, as at 30 November 2021*

**Additional Information**

The following information was updated:

1) The Sixth Supplementary Master Prospectus dated 28 July 2021, the Seventh Supplementary Master Prospectus dated 26 October 2021 and the Eighth Supplementary Master Prospectus dated 20 December 2021 have been registered with the Securities Commission Malaysia, to include the changes of but not limited to:

- the update on the board of directors and the investment committee;
- the insertion on definition of “AIF”;
- the revision made to the investment objective of the Fund;
- the issuance of the Fourth Supplemental Deed dated 17 June 2021;
- the update on the Target Fund’s information;
- the update to the section on Salient Terms of the Deed;
- the update on definition of “Classes”;
- the revision made to the section on Related Party Transactions / Conflict of Interest; and
- the update to the section on Taxation

Notice of the changes for the Sixth Supplementary Master Prospectus dated 28 July 2021, the Seventh Supplementary Master Prospectus dated 26 October

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2021 and the Eighth Supplementary Master Prospectus dated 20 December 2021 have been published on our website at [www.aminvest.com](http://www.aminvest.com) and sent to the Unit Holders.

- 2) Tai Terk Lin and Zainal Abidin Mohd Kassim resigned as members of the Investment Committee of the funds of AmFunds Management Berhad with effect from 1<sup>st</sup> September 2021.
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Kuala Lumpur, Malaysia  
AmFunds Management Berhad

19 January 2022

## Precious Metals Securities

### CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2021

	Note	30.11.2021 (unaudited) RM	31.5.2021 (audited) RM
<b>ASSETS</b>			
Shariah-compliant investment	4	214,982,856	279,970,855
Amount due from Manager	5(a)	660,956	-
Other receivables		178	-
Cash at banks		5,369,974	16,919,186
<b>TOTAL ASSETS</b>		<u>221,013,964</u>	<u>296,890,041</u>
<b>LIABILITIES</b>			
Amount due to Manager	5(b)	364,469	306,314
Amount due to Trustee	6	12,116	15,498
Sundry payables and accruals		11,658	12,800
<b>TOTAL LIABILITIES</b>		<u>388,243</u>	<u>334,612</u>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<u>220,625,721</u>	<u>296,555,429</u>
<b>EQUITY</b>			
Unit holders' capital	8(a)	353,632,872	383,119,225
Accumulated losses	8(b)(c)	(133,007,151)	(86,563,796)
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	8	<u>220,625,721</u>	<u>296,555,429</u>
<b>UNITS IN CIRCULATION</b>	8(a)	<u>440,988,263</u>	<u>493,729,735</u>
<b>NAV PER UNIT (RM)</b>		<u>0.5003</u>	<u>0.6006</u>

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

## Precious Metals Securities

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

	Note	1.6.2021 to 30.11.2021 RM	1.6.2020 to 30.11.2020 RM
<b>SHARIAH-COMPLIANT INVESTMENT LOSS</b>			
Profit income		59,980	156,820
Other income - exit penalty		102,421	-
Net losses from Shariah-compliant investment:			
– Financial assets at fair value through profit or loss (“FVTPL”)	7	(45,230,789)	(32,090,777)
Other unrealised foreign exchange gain		-	25,884
		<u>(45,068,388)</u>	<u>(31,908,073)</u>
<b>EXPENDITURE</b>			
Manager’s fee	5	(1,289,362)	(1,680,765)
Trustee’s fee	6	(72,235)	(90,150)
Audit fee		(5,942)	(4,513)
Tax agent’s fee		(1,905)	(1,905)
Other expenses		(5,523)	(10,031)
		<u>(1,374,967)</u>	<u>(1,787,364)</u>
<b>Net losses before taxation</b>		(46,443,355)	(33,695,437)
<b>Taxation</b>	10	-	-
<b>Net losses after taxation, representing total comprehensive loss for the financial period</b>		<u>(46,443,355)</u>	<u>(33,695,437)</u>
Total comprehensive loss comprises the following:			
Realised (loss)/income		(259,170)	24,631,100
Unrealised losses		(46,184,185)	(58,326,537)
		<u>(46,443,355)</u>	<u>(33,695,437)</u>

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

## Precious Metals Securities

### CONDENSED STATEMENT OF CHANGES IN EQUITY *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

	Note	Unit holders' capital RM	Accumulated losses RM	Total equity RM
At 1 June 2020		317,193,415	(101,386,479)	215,806,936
Total comprehensive loss for the financial period		-	(33,695,437)	(33,695,437)
Creation of units		503,638,363	-	503,638,363
Cancellation of units		(338,133,246)	-	(338,133,246)
Balance at 30 November 2020		<u>482,698,532</u>	<u>(135,081,916)</u>	<u>347,616,616</u>
At 1 June 2021		383,119,225	(86,563,796)	296,555,429
Total comprehensive loss for the financial period		-	(46,443,355)	(46,443,355)
Creation of units	8(a)	3,134,995	-	3,134,995
Cancellation of units	8(a)	(32,621,348)	-	(32,621,348)
Balance at 30 November 2021		<u>353,632,872</u>	<u>(133,007,151)</u>	<u>220,625,721</u>

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

## Precious Metals Securities

### CONDENSED STATEMENT OF CASH FLOWS *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

	<b>1.6.2021 to 30.11.2021 RM</b>	<b>1.6.2020 to 30.11.2020 RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from sale of Shariah-compliant investment	27,412,252	176,272,698
Profit received	59,980	156,820
Other income - exit penalty	102,243	-
Manager's fee paid	(1,366,356)	(1,501,741)
Trustee's fee paid	(75,617)	(82,013)
Tax agent's fee paid	-	(3,800)
Payments for other expenses	(14,512)	(19,040)
Purchase of Shariah-compliant investment	<u>(7,655,042)</u>	<u>(319,082,147)</u>
Net cash generated from/(used in) operating and investing activities	<u>18,462,948</u>	<u>(144,259,223)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	2,474,039	526,237,313
Payments for cancellation of units	<u>(32,486,199)</u>	<u>(353,264,207)</u>
Net cash (used in)/generated from financing activities	<u>(30,012,160)</u>	<u>172,973,106</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(11,549,212)	28,713,883
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>16,919,186</u>	<u>2,034,313</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>5,369,974</u>	<u>30,748,196</u>
Cash and cash equivalents comprise:		
Deposit with financial institution	-	15,745,712
Cash at banks	<u>5,369,974</u>	<u>15,002,484</u>
	<u>5,369,974</u>	<u>30,748,196</u>

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

## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

#### 1. GENERAL INFORMATION

Precious Metals Securities (“the Fund”) was established pursuant to a Deed dated 20 September 2007 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. By a Supplemental Deed dated 10 December 2015, the Fund has changed its name from AmPrecious Metals to Precious Metals Securities.

The Fund was set up with the objective of providing investors to achieve capital appreciation by investing in a portfolio of global Shariah observant equity and equity-related securities (including, without limitation, depository receipts and convertible securities, but excluding preferred shares, bonds, convertible bonds and warrants) of companies engaged in activities related to gold, silver, platinum or other precious metals. Being a feeder fund, a minimum of 95% of the Fund’s NAV will be invested in the Ireland-based DWS Noor Precious Metals Securities Fund (“Target Fund”), which is a separate unit trust fund managed by DWS Investment S.A. (“Target Fund Manager”). As provided in the Deed, the “accrual period” or the financial year shall end on 31 May and the units in the Fund were first offered for sale on 15 November 2007.

The financial statements were authorised for issue by the Manager on 19 January 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”) and the Securities Commission Malaysia’s Guidelines on Unit Trust Funds in Malaysia.

##### Standards effective during the financial period

The adoption of MFRS which have been effective during the financial period did not have any material financial impact to the financial statements.

##### 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:



## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

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

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

	Effective for financial periods beginning on or after
Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020" Reference to the Conceptual Framework (Amendments to MFRS 3 <i>Business Combinations</i> )*	1 January 2022 1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 <i>Property, Plant and Equipment</i> )*	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> )	1 January 2022
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>Disclosure of Accounting Policies</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i> and Amendments to MFRS 17*	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.

(i) Profit income

Profit income on Islamic short-term deposits is recognised on an accrual basis using the effective profit method.

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

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

## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

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

##### 3.2 Income tax

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

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

##### 3.3 Functional and presentation currency

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

##### 3.4 Foreign currency transactions

Transactions in currencies other than the Fund's functional currency (foreign currencies) are recorded in the functional currency using exchange rates prevailing at the transaction dates. At each reporting date, foreign currency monetary items are translated into RM at exchange rates ruling at the reporting date. All exchange gains or losses are recognised in profit or loss.

##### 3.5 Statement of cash flows

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

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

##### 3.6 Distribution

Distributions are at the discretion of the Manager. A distribution to the Fund's unit holders is accounted for as a deduction from the retained earnings and realised income. Realised income is the income earned from profit income and net gain on disposal of 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.

## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

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

##### 3.7 Unit holders' capital

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

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

###### (i) Initial recognition

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

###### (ii) Initial measurement

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

###### (iii) "Day 1" profit or loss

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

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

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

## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

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

##### 3.10 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, amount due from Target Fund Manager, 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.

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

###### 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". 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.

## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

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

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

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

Financial assets at FVTPL (cont'd.)

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

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

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

##### 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.

## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

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

##### 3.12 Derecognition of financial instruments (cont'd.)

###### (ii) Derecognition of financial liability

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

##### 3.13 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.

##### 3.14 Determination of fair value

For Shariah-compliant investment in CIS, fair value is determined based on the closing NAV per unit of the foreign CIS. Purchased cost is the quoted price that the Fund paid when buying its Shariah-compliant 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.

## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

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

##### 3.15 Classification of realised and unrealised gains and losses (cont'd.)

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

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

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

#### 4. SHARIAH-COMPLIANT INVESTMENT

	30.11.2021 RM	31.5.2021 RM
<b>Financial asset at FVTPL</b>		
At cost:		
Foreign CIS	<u>229,329,241</u>	<u>248,133,055</u>
At fair value:		
Foreign CIS	<u>214,982,856</u>	<u>279,970,855</u>

## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

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

Details of Shariah-compliant investment are as follows:

Foreign CIS	Number of units	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>30.11.2021</b>				
DWS Noor Precious Metal Securities Fund ("Target Fund")	63,193,079	214,982,856	229,329,241	97.44
<b>Shortfall of fair value over purchased cost</b>		<b>(14,346,385)</b>		
<b>31.5.2021</b>				
DWS Noor Precious Metal Securities Fund ("Target Fund")	68,607,191	279,970,855	248,133,055	94.41
<b>Excess of fair value over purchased cost</b>		<b>31,837,800</b>		

Based on the Fund's prospectus, a minimum of 95% of its NAV will be invested in the Target Fund. However, if the asset allocation will not achieve the minimum requirement, it will be adjusted back to the minimum level after the reporting period. The reduction of the asset allocation is due to the creation of units at the point of reporting date.

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

	Note	30.11.2021 RM	31.5.2021 RM
<b>(a) Due from Manager</b>			
Creation of units	(i)	660,956	-
<b>(b) Due to Manager</b>			
Redemption of units	(ii)	135,149	-
Manager's fee payable	(iii)	229,320	306,314
		<b>364,469</b>	<b>306,314</b>

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



## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

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

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

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

- (iii) As the Fund is investing in the Target Fund, the Manager's fee was charged as follows:

	<b>1.6.2021 to 30.11.2021 % p.a.</b>	<b>1.6.2020 to 30.11.2020 % p.a.</b>
Manager's fee charged by the Target Fund Manager, on the NAV of the Target Fund (Note a)	0.75	0.75
Manager's fee charged by the Manager, on the NAV of investment in the Target Fund (Note b)	1.05	1.05
Manager's fee charged by the Manager, on the remaining NAV of the Fund (Note b)	1.80	1.80

Note a) The Fund's share of Manager's fee to the Target Fund Manager has been accounted for as part of net unrealised changes in fair value of Shariah-compliant investment in foreign CIS.

Note b) The Manager's fee of the Fund chargeable in the Condensed Statement of Comprehensive Income relates to 1.05% on the NAV of investment in the Target Fund and 1.80% on the remaining NAV of the Fund.

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

#### 6. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.06% (31.5.2021: 0.06%) 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 Trustee's fee payable is one month.

## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

#### 7. NET LOSSES FROM SHARIAH-COMPLIANT INVESTMENT

	1.6.2021 to 30.11.2021 RM	1.6.2020 to 30.11.2020 RM
Net losses on financial assets at FVTPL comprised:		
– Net realised gains on sale of Shariah-compliant investment	1,221,924	29,457,668
– Net realised losses on foreign currency exchange	(268,528)	(3,196,024)
– Net unrealised losses on changes in fair value of Shariah-compliant investment	(50,661,624)	(45,576,600)
– Net unrealised gain/(loss) on foreign currency fluctuation of Shariah-compliant investment denominated in foreign currency	4,477,439	(12,775,821)
	<u>(45,230,789)</u>	<u>(32,090,777)</u>

#### 8. TOTAL EQUITY

Total equity is represented by:

	Note	30.11.2021 RM	31.5.2021 RM
Unit holders' capital	(a)	353,632,872	383,119,225
Accumulated losses			
– Realised losses	(b)	(118,660,766)	(118,401,596)
– Unrealised (loss)/gain	(c)	(14,346,385)	31,837,800
		<u>220,625,721</u>	<u>296,555,429</u>

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

	30.11.2021		31.5.2021	
	Number of units	RM	Number of units	RM
At beginning of the financial period/year	493,729,735	383,119,225	392,395,574	317,193,415
Creation during the financial period/year	6,191,351	3,134,995	1,175,316,266	692,225,254
Cancellation during the financial period/year	(58,932,823)	(32,621,348)	(1,073,982,105)	(626,299,444)
At end of the financial period/year	<u>440,988,263</u>	<u>353,632,872</u>	<u>493,729,735</u>	<u>383,119,225</u>

## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

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

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

The Manager imposed an exit penalty of 1.00% (2020: 1.00%) if redemption is made within 90 days of purchase on the NAV per unit of the Fund during the financial period. The exit penalty shall be placed back to the Fund.

##### (b) Realised - distributable

	30.11.2021 RM	31.5.2021 RM
At beginning of the financial period/year	(118,401,596)	(144,676,700)
Net realised (loss)/income for the financial period/year	(259,170)	26,275,104
At end of the financial period/year	<u>(118,660,766)</u>	<u>(118,401,596)</u>

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

	30.11.2021 RM	31.5.2021 RM
At beginning of the financial period/year	31,837,800	43,290,221
Net unrealised losses for the financial period/year	(46,184,185)	(11,452,421)
At end of the financial period/year	<u>(14,346,385)</u>	<u>31,837,800</u>

#### 9. 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 the Manager

There were no units held by the Manager or any related party as at 30 November 2021 and 31 May 2021.

#### 10. TAXATION

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.

## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

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

Pursuant to Schedule 6 of the Income Tax Act 1967, provided that the exemption shall not apply to the profit paid or 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:

	<b>1.6.2021 to 30.11.2021 RM</b>	<b>1.6.2020 to 30.11.2020 RM</b>
Net losses before taxation	<u>(46,443,355)</u>	<u>(33,695,437)</u>
Taxation at Malaysian statutory rate of 24% (2020: 24%)	(11,146,405)	(8,086,905)
Tax effects of:		
Income not subject to tax	(1,406,823)	(7,113,689)
Loss not allowed for tax deduction	12,223,236	14,771,627
Restriction on tax deductible expenses for unit trust fund	279,789	364,657
Non-permitted expenses for tax purposes	19,116	23,792
Permitted expenses not used and not available for future financial periods	<u>31,087</u>	<u>40,518</u>
Tax expense for the financial period	<u>-</u>	<u>-</u>

#### 11. DISTRIBUTION

No distribution was declared by the Fund for the financial periods ended 30 November 2021 and 30 November 2020.

#### 12. MANAGEMENT EXPENSE RATIO ("MER")

The Fund's MER is as follows:

	<b>1.6.2021 to 30.11.2021 % p.a.</b>	<b>1.6.2020 to 30.11.2020 % p.a.</b>
Manager's fee	1.07	1.13
Trustee's fee	0.07	0.06
Fund's other expenses	-*	0.01
Total MER	<u>1.14</u>	<u>1.20</u>

\* represents less than 0.01%.

## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

#### 12. MANAGEMENT EXPENSE RATIO (“MER”) (CONT’D.)

The MER 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.

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

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of Shariah-compliant investment to the average NAV of the Fund calculated on a daily basis, is 0.07 times (2020: 0.83 times).

#### 14. SEGMENTAL REPORTING

As stated in Note 1, the Fund is a feeder fund whereby a minimum of 95% of the Fund’s NAV will be invested in the Target Fund.

As the Fund operates substantially as a feeder fund which invests primarily in the Target Fund, it is not possible or meaningful to classify its Shariah-compliant investment by separate business or geographical segments.

#### 15. TRANSACTIONS WITH TARGET FUND MANAGER

Details of transactions with Target Fund Manager for the financial period ended 30 November 2021 are as follows:

Target Fund Manager	Transaction value	
	RM	%
DWS Investment S.A.	<u>35,324,827</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 investment in foreign CIS. Transactions in this Shariah-compliant investment does not involve any commission or brokerage.

#### 16. 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.

## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

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

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

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 outcomes 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) Price risk

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

##### (ii) Profit rate risk

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

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

##### (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.

## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

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

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

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

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

Assets denominated in United States Dollar	30.11.2021		31.5.2021	
	RM equivalent	% of NAV	RM equivalent	% of NAV
Shariah-compliant investment	214,982,856	97.44	279,970,855	94.41
Cash at bank	539	-*	578	-*
	<u>214,983,395</u>	<u>97.44</u>	<u>279,971,433</u>	<u>94.41</u>

\* represents less than 0.01%.

##### (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 Islamic short-term deposits. The issuer of such instruments may not be able to fulfil the required profit payments or repay the principal invested or amount owing. These risks may cause the Fund's Shariah-compliant investment to fluctuate in value.

The Fund, as a feeder fund, invests significantly all its assets in the Target Fund. The Target Fund manages the risk by setting internal counterparty limits and undertaking internal credit evaluation to minimise such risk.

For deposit with 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 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.

## Precious Metals Securities

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2021 TO 30 NOVEMBER 2021

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

##### (d) Single issuer risk

The Fund, as a feeder fund, invests significantly all its assets in the Target Fund. The Target Fund is restricted from investing in securities issued by any issuer in excess of a certain percentage of its NAV. Under such restriction, the risk exposure to the securities of any single issuer is diversified and managed by the Target Fund Manager based on internal/external ratings.

##### (e) Regulatory risk

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

##### (f) Country risk

The risk of price fluctuation in foreign securities may arise due to political, financial and economic events in foreign countries. If this occurs, there is a possibility that the NAV of the Fund may be adversely affected.

##### (g) Management risk

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

##### (h) Non-compliance risk

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

##### (i) Shariah non-compliance risk

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



## **Precious Metals Securities**

### **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 condensed 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 Precious Metals Securities (the “Fund”) as at 30 November 2021 and the comprehensive income, the changes in equity and cash flows for the financial period then ended.

For and of behalf of the Manager

**GOH WEE PENG**  
Executive Director

Kuala Lumpur, Malaysia  
19 January 2022

## **TRUSTEE'S REPORT**

### **TO THE UNIT HOLDERS OF PRECIOUS METALS SECURITIES**

We have acted as Trustee for Precious Metals Securities (the "Fund") for the financial period ended 30 November 2021. 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  
19 January 2022

## Shariah Adviser's Report

To the unit holders of Precious Metals Securities ("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 complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The asset of the Fund comprises of 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 January 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.)*

