

Annual Report for
AmIncome Management

31 July 2026



TRUST DIRECTORY

Manager

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

Trustee

Deutsche Trustees Malaysia Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Malaysia Tax Services Sdn. Bhd.
(formerly known as Deloitte Tax Services Sdn. Bhd.)

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MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of AmIncome Management ("Fund") for the financial year ended 31 July 2026.

Salient Information of the Fund

Name	AmIncome Management ("Fund")
Category/ Type	Fixed Income / Income
Objective	The Fund is a fixed income fund which aims to provide income* and liquidity** over the short to medium-term. <i>Notes:</i> <i>* Income distribution (if any) will be reinvested.</i> <i>** Liquidity means that investor may receive their withdrawal proceeds within 2 Business Days after redemption application is received by the Manager on or before the cut-off time.</i> <i>Any material change to the investment objective of the Fund would require Unit Holders' approval.</i>
Duration	The Fund was established on 2 December 2013 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	AmBank (M) Berhad 12-months conventional fixed deposit rate. (Available at www.aminvest.com) <i>Note: The risk profile of the Fund's investment is higher than the risk profile of the performance benchmark and consequently, the Fund is expected to outperform the performance benchmark.</i>
Income Distribution Policy	Subject to the availability of income, distribution is paid at least twice every year and will be reinvested. At the Manager's discretion, the Fund may distribute from its gain, income and capital. The rationale for distribution out of capital is to allow the Fund the ability to (i) distribute income on a regular basis in accordance with the distribution policy of the Fund or (ii) increase the amount of distributable income to the unit holders, after taking into consideration the risk of distributing out of capital. Distribution out of the Fund's capital has the effect of lowering the NAV of the Fund, may reduce part of the unit holders' original investment and may also result in reduced future returns to unit holders. When a substantial amount of the original investment is being returned to the unit holders, it has a risk of eroding the capital of the Fund and may, over time, cause the NAV of the Fund to fall. The greater the risk of capital erosion that exists, the greater the likelihood that, due to capital erosion, the value of future returns would also be diminished.

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 31 July are as follows:			
		As at 31 July		
		2026 %	2025 %	2024 %
	Corporate bonds	-	-	72.80
	Cagamas bond	-	-	-
	Malaysian Government Securities	93.67	-	-
	Government Investment Issue	-	94.11	-
	Money market deposits and cash equivalents	6.33	5.89	27.20
	Total	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 years ended 31 July are as follows:			
		FYE 2026	FYE 2025	FYE 2024
	Net asset value (RM)	2,154,980	3,819,136	9,919,208
	Units in circulation	2,177,560	3,836,963	9,677,159
	Net asset value per unit (RM)	0.9896	0.9954	1.0250
	Highest net asset value per unit (RM)	0.9974	1.0274	1.0696
	Lowest net asset value per unit (RM)	0.9890	0.9911	1.0250
	Benchmark performance (%)	2.02	2.49	2.61
	Total return (%) ⁽¹⁾	1.48	2.69	3.61
	- Capital growth (%)	-0.57	-2.78	-3.80
	- Income distributions (%)	2.05	5.47	7.41
	Gross distributions (RM sen per unit)	2.0400	5.6100	7.9075
	Net distributions (RM sen per unit)	2.0400	5.6100	7.9075
	Total expense ratio (%) ⁽²⁾	1.29	0.82	0.43
	Portfolio turnover ratio (times) ⁽³⁾	2.77	3.50	1.07
	<i>Note:</i> (1) Total return is the actual return of the Fund for the respective financial years computed based on the net asset value per unit and net of all fees. Total return is calculated based on the published NAV/unit (last business day). (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 0.47% as compared to 0.82% per annum for the financial year ended 31 July 2025 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 decrease in the PTR for 2026 and increase in 2025 were due mainly to investing activities.			

Average Total Return (as at 31 July 2026)

	AmlIncome Management^(a) %	Benchmark^(b) %
One year	1.48	2.02
Three years	2.59	2.37
Five years	2.61	2.23
Ten years	3.09	2.49

Annual Total Return

Financial Years Ended (31 July)	AmlIncome Management^(a) %	Benchmark^(b) %
2026	1.48	2.02
2025	2.69	2.49
2024	3.61	2.61
2023	3.56	2.41
2022	1.71	1.62

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

(b) AmBank (M) Berhad 12-months conventional fixed deposit rate.
(Available at www.aminvest.com)

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

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

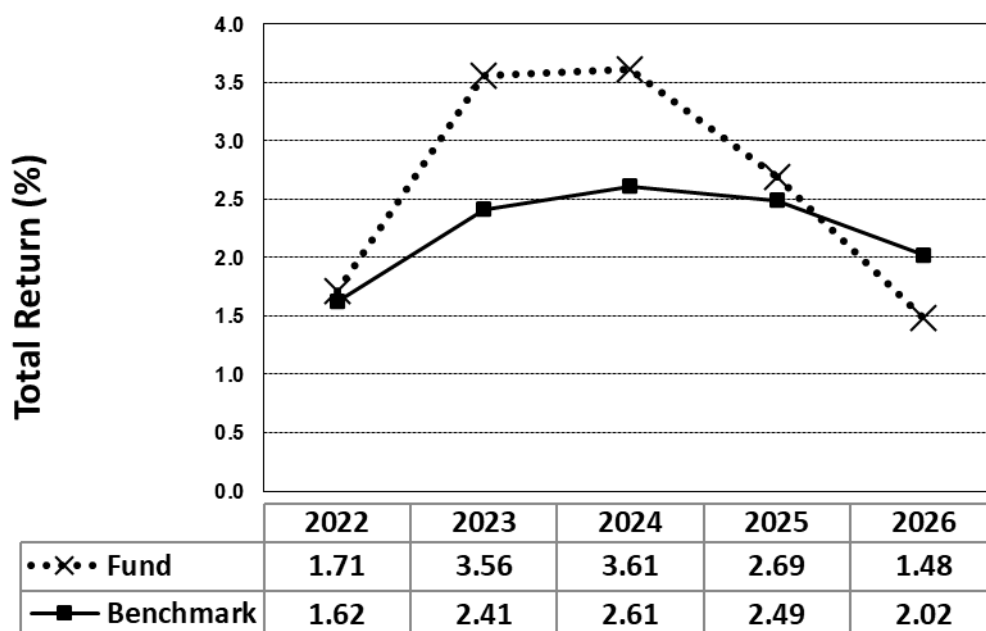
**Fund
Performance**

For the financial year under review, the Fund registered a return of 1.48% comprising of negative 0.57% capital and 2.05% income distributions.

Thus, the Fund's return of 1.48% has underperformed the benchmark's return of 2.02% by 0.54%.

As compared with the financial year ended 31 July 2025, the net asset value ("NAV") per unit of the Fund decreased by 0.58% from RM0.9954 to RM0.9896, while units in circulation decreased by 43.25% from 3,836,963 units to 2,177,560 units.

The following line chart shows the comparison between the annual performances of AmlIncome Management and its benchmark for the financial years ended 31 July.



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	The Fund invested primarily in fixed income instruments such as sovereign, quasi-sovereign and corporate bonds, accepted bills, negotiable instrument of deposits, repurchase agreement (Repo) and deposits with financial institutions.			
Portfolio Structure	The table below is the asset allocation of the Fund as at 31 July 2026 and 31 July 2025.			
		As at 31.07.2026 %	As at 31.07.2025 %	Changes %
	Malaysian Government Securities	93.67	-	93.67
	Government Investment Issue	-	94.11	-94.11
	Money market deposits and cash equivalents	6.33	5.89	0.44
	Total	100.00	100.00	
	For the financial year under review, the Fund invested 93.67% of its NAV in Malaysian Government Securities while the remaining 6.33% was held in money market deposits and cash equivalents.			
Securities Lending / Repurchase Transactions	The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”).			
Cross Trades	There were no cross trades undertaken during the financial year under review.			

Distributions/ Unit Splits	During the financial year under review, the Fund declared distributions, detailed as follows:			
	Date of distributions	Distributions per unit RM (sen)	NAV per unit Cum-Distributions (RM)	NAV per unit Ex-Distributions (RM)
	29-Aug-25	0.2000	0.9972	0.9952
	30-Sep-25	0.1700	0.9967	0.9950
	31-Oct-25	0.1800	0.9963	0.9945
	28-Nov-25	0.1500	0.9956	0.9941
	31-Dec-25	0.5900	0.9958	0.9899
	30-Jan-26	0.1500	0.9914	0.9899
	27-Feb-26	0.0400	0.9905	0.9901
	31-Mar-26	0.1300	0.9909	0.9896
	30-Apr-26	0.0600	0.9905	0.9899
	29-May-26	0.0700	0.9907	0.9900
	30-Jun-26	0.1600	0.9913	0.9897
	31-Jul-26	0.1400	0.9910	0.9896
There is no unit split declared for the financial year under review.				
State of Affairs	There were no significant changes to the state of affairs of the Fund, nor were there any circumstances that materially affected the interests of the unitholders during the financial year under review.			
Rebates and Soft Commission	During the year, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.			
Market Review	The Malaysian bond market experienced significant volatility during the year under review, driven by shifting monetary policy expectations, geopolitical developments, and global interest rate movements. In the third quarter of 2025, Bank Negara Malaysia's (BNM) 25bps Overnight Policy Rate (OPR) cut to 2.75% supported a rally in government bonds, particularly at the longer end of the curve. While investors initially positioned for further monetary easing, sentiment turned more cautious in September amid profit-taking activities and a weak 15-year Malaysian Government Securities (MGS) auction. Nevertheless, the bond market ended 2025 on a strong footing, supported by resilient economic growth, stable monetary policy, robust foreign inflows, favourable liquidity conditions, and limited bond supply. Market conditions became more challenging in early 2026 as geopolitical tensions, particularly the escalation of the United States (US)-Israel-Iran conflict, and uncertainty surrounding global interest rate expectations weighed on investor sentiment. Concerns over higher energy prices and renewed inflationary pressures triggered a broad sell-off in global bond markets, leading to foreign outflows and higher yields in the domestic bond market. During the second quarter of 2026, MGS yields continued to trend higher amid persistent geopolitical risks, elevated energy prices, and evolving global rate expectations. Despite weaker sentiment, demand for sovereign bond and sukuk issuances remained healthy, supported by Malaysia's sound macroeconomic fundamentals and strong domestic institutional investor base. The upward pressure on yields persisted into July 2026, as uncertainty surrounding the US Federal Reserve's (Fed) policy outlook and local political developments weighed on market			

	sentiment. Looking ahead, the near-term risk to MGS and Government Investment Issues (GII) yields remains tilted modestly to the upside amid resilient economic growth, elevated money market rates, continued sovereign bond supply, and lingering fiscal uncertainties.
Market Outlook	Malaysia's macroeconomic backdrop remains broadly supportive heading into August 2026, although conditions in the local bond market have become more challenging following the sharp sell-off observed in July 2026. Domestic growth continues to be underpinned by resilient private consumption, sustained investment activity and ongoing implementation of government development initiatives. Recent communications from Bank Negara Malaysia (BNM) suggest that economic growth may track towards the upper end of the official 4%-5% forecast range, while inflation is expected to remain manageable within the 1.5%-2.5% range. Against this backdrop, BNM maintained the Overnight Policy Rate (OPR) at 2.75% in July 2026 for a sixth consecutive meeting, although policymakers have acknowledged that future policy decisions will remain data dependent. Inflation remains largely contained amid moderate cost pressures and stable domestic demand conditions. However, the strength of domestic activity, together with tighter money market conditions, warrants close monitoring. Notably, the 3-month Kuala Lumpur Interbank Offered Rate (KLIBOR) has risen to approximately 3.46%, its highest level in a year and around 70bps above the OPR, suggesting that money markets are increasingly pricing in the possibility of tighter monetary conditions ahead. While BNM has not explicitly shifted to a hawkish stance, the balance of risks has become less accommodative than earlier in the year.

Kuala Lumpur, Malaysia
AmFunds Management Berhad

21 September 2026

Independent auditors' report to the unit holders of AmlIncome Management

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AmlIncome Management (the "Fund"), which comprise the statement of financial position of the Fund as at 31 July 2026, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 11 to 38.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 July 2026, and of its financial performance and cash flows for the financial year then ended in accordance with MFRS Accounting Standards and IFRS Accounting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

The Manager of the Fund (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

**Independent auditors' report to the unit holders of
AmlIncome Management (cont'd.)**

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

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

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

Responsibilities of the Manager and the Trustee for the financial statements

The Manager is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with MFRS Accounting Standards and IFRS Accounting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Independent auditors' report to the unit holders of
AmlIncome Management (cont'd.)**

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Independent auditors' report to the unit holders of
AmIncome Management (cont'd.)**

Other matters

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

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

Ng Sue Ean
No. 03276/07/2028 J
Chartered Accountant

Kuala Lumpur, Malaysia
21 September 2026

AmlIncome Management

**STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2026**

	Note	2026 RM	2025 RM
ASSETS			
Investments	4	2,018,465	3,594,318
Deposit with licensed financial institution	5	143,011	238,018
Cash at bank		10,651	11,043
TOTAL ASSETS		2,172,127	3,843,379
LIABILITIES			
Amount due to Manager	6	724	1,321
Amount due to Trustee	7	849	849
Distribution payable		3,049	7,674
Sundry payables and accruals		12,525	14,399
TOTAL LIABILITIES		17,147	24,243
NET ASSET VALUE ("NAV") OF THE FUND		2,154,980	3,819,136
EQUITY			
Unit holders' capital	9(a)	(10,554,406)	(8,909,608)
Retained earnings	9(b)(c)	12,709,386	12,728,744
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	9	2,154,980	3,819,136
UNITS IN CIRCULATION	9(a)	2,177,560	3,836,963
NAV PER UNIT (RM)		0.9896	0.9954

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

AmlIncome Management

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JULY 2026

	Note	2026 RM	2025 RM
INVESTMENT INCOME			
Interest income		98,039	183,502
Net losses from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	<u>(9,046)</u>	<u>(2,358)</u>
		<u>88,993</u>	<u>181,144</u>
EXPENDITURE			
Management fee	6	(11,099)	(19,161)
Trustee’s fee	7	(10,000)	(10,000)
Audit fee		(6,500)	(5,000)
Tax agent’s fee		(4,700)	(4,100)
Custodian’s fee		(64)	(72)
Other expenses		<u>(8,468)</u>	<u>(6,428)</u>
		<u>(40,831)</u>	<u>(44,761)</u>
Net income before taxation		48,162	136,383
Taxation	11	<u>-</u>	<u>-</u>
Net income after taxation, representing total comprehensive income for the financial year		<u>48,162</u>	<u>136,383</u>
Total comprehensive income comprises the following:			
Realised income		67,627	112,374
Unrealised (loss)/gain		<u>(19,465)</u>	<u>24,009</u>
		<u>48,162</u>	<u>136,383</u>
Distributions for the financial year			
Net distributions	12	<u>67,520</u>	<u>344,219</u>
Gross distributions per unit (sen)	12	<u>2.04</u>	<u>5.61</u>
Net distributions per unit (sen)	12	<u>2.04</u>	<u>5.61</u>

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

AmlIncome Management

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 JULY 2026

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 August 2025		(8,909,608)	12,728,744	3,819,136
Total comprehensive income for the financial year		-	48,162	48,162
Creation of units	9(a)	265,855	-	265,855
Reinvestment of distributions	9(a)	72,145	-	72,145
Cancellation of units	9(a)	(1,982,798)	-	(1,982,798)
Distributions	12	-	(67,520)	(67,520)
Balance at 31 July 2026		<u>(10,554,406)</u>	<u>12,709,386</u>	<u>2,154,980</u>
At 1 August 2024		(3,017,372)	12,936,580	9,919,208
Total comprehensive income for the financial year		-	136,383	136,383
Creation of units	9(a)	1,033,550	-	1,033,550
Reinvestment of distributions	9(a)	433,317	-	433,317
Cancellation of units	9(a)	(7,359,103)	-	(7,359,103)
Distributions	12	-	(344,219)	(344,219)
Balance at 31 July 2025		<u>(8,909,608)</u>	<u>12,728,744</u>	<u>3,819,136</u>

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

AmlIncome Management**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

	Note	2026 RM	2025 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of investments		9,467,621	20,761,650
Purchases of investments		(7,959,102)	(17,152,675)
Interest received		156,327	199,186
Management fee paid		(11,696)	(23,282)
Trustee's fee paid		(10,000)	(10,113)
Tax agent's fee paid		(8,200)	-
Custodian's fee paid		(64)	(72)
Payments for other expenses		(13,342)	(11,428)
Net cash generated from operating and investing activities		<u>1,621,544</u>	<u>3,763,266</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		265,855	1,033,550
Payments for cancellation of units		(1,982,798)	(7,359,103)
Net cash used in financing activities		<u>(1,716,943)</u>	<u>(6,325,553)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(95,399)	(2,562,287)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>249,061</u>	<u>2,811,348</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		<u>153,662</u>	<u>249,061</u>
Cash and cash equivalents comprise:			
Deposits with licensed financial institution	5	143,011	238,018
Cash at bank		10,651	11,043
		<u>153,662</u>	<u>249,061</u>

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

AmlIncome Management

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2026

1. GENERAL INFORMATION

AmlIncome Management (the “Fund”) was established pursuant to a Deed dated 30 May 2013 as amended by Deeds supplemental thereto (the “Deeds”), between AmFunds Management Berhad as the Manager, Deutsche Trustees Malaysia Berhad as the Trustee and the unit holders.

The Fund is a fixed income fund which aims to provide income and liquidity over the short to medium-term. As provided in the Deeds, the financial year shall end on 31 July and the units in the Fund were first offered for sale on 2 December 2013.

The financial statements were authorised for issue by the Manager on 21 September 2026.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Standards effective during the financial year

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

Description	Effective for financial periods beginning on or after
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025

Standards issued but not yet effective

The new and amended 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 FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

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

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

Description	Effective for financial periods beginning on or after
Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures: Amendments to the Classifications and Measurement of Financial Instruments</i>	1 January 2026
Amendments that are part of Annual Improvements - Volume 11: Amendments to MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2026
Amendments to MFRS 7 <i>Financial Instruments: Disclosures</i> Amendments to MFRS 9 <i>Financial Instruments</i> Amendments to MFRS 10 <i>Consolidated Financial Statements</i> * Amendments to MFRS 107 <i>Statement of Cash Flows</i>	
Amendments to MFRS 9 and MFRS 7 <i>Contracts Referencing Nature-dependent Electricity</i> *	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> *	1 January 2027
Amendments to MFRS 19: <i>Subsidiaries without Public Accountability: Disclosures</i> *	1 January 2027
Amendments to MFRS 121: <i>The Effects of Changes in Foreign Exchange Rates - Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
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 Accounting Standards and Amendments to MFRS Accounting Standards are not relevant to the Fund.

These pronouncements are not expected to have any material impact on the financial statements of the Fund upon their initial application, other than MFRS 18. The Fund is currently assessing the impact of adopting MFRS 18.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Income recognition

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

3.1 Income recognition (cont'd.)

(i) Interest income

For all interest-bearing financial assets, interest income is calculated using the effective interest method. Effective interest 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 interest 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, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Gain or loss on disposal of investments

On disposal of 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 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 ("OCI") or directly in equity.

3.3 Functional and presentation currency

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

3.4 Statement of cash flows

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

3.5 Distribution

Distribution is at the discretion of the Manager. A distribution to the Fund's unit holders is accounted for as a deduction from retained earnings and realised income. Realised income is the income earned from interest 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 distribution payment date. Reinvestment of units is based on the NAV per unit on the distribution payment date, which is also the time of creation.

3.6 Unit holders' capital

The unit holders' capital of the Fund meets the definition of puttable instruments and is classified as equity instruments as it meets all criteria for such classification under MFRS 132 *Financial Instruments: Presentation*.

3.7 Financial instruments – 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 assets. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not recorded at FVTPL, net of directly attributable transaction costs.

(iii) "Day 1" profit or loss

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

3.8 Financial assets

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 ("SPPI 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 SPPI test determines whether the contractual cash flows are solely for payments of principal and interest and the assessment is performed on a financial instrument basis.

Business model

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

Cash flow characteristics

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

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 interest on the principal amount outstanding. Financial assets include in this category are deposits with licensed financial institutions, cash at banks, amount due from Target Fund Manager, amount due from Manager, amount due from brokers/financial institutions, dividend/distribution receivables and other receivables.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

3.8 Financial assets (cont'd.)

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

Financial assets at fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI if its business model is both to hold the asset to collect contractual cash flows and to sell the financial assets. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest 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". Interest earned element of such instrument is recorded in "Interest 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.

3.9 Financial liabilities – classification and subsequent measurement

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

3.10 Derecognition of financial instruments

(i) Derecognition of financial asset

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

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

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

(ii) Derecognition of financial liability

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

3.12 Determination of fair value

For 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 interest, which includes the accretion of discount and amortisation of premium. Adjusted cost of investments relates to the purchased cost plus accrued interest, 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.

3.13 Classification of realised and unrealised gains and losses

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

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

3.14 Significant accounting estimates and judgments

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

4. INVESTMENTS

	2026 RM	2025 RM
Financial assets at FVTPL		
At nominal value:		
Malaysian Government Securities	2,000,000	-
Government Investment Issue	-	3,500,000
	<u>2,000,000</u>	<u>3,500,000</u>
At fair value:		
Malaysian Government Securities	2,018,465	-
Government Investment Issue	-	3,594,318
	<u>2,018,465</u>	<u>3,594,318</u>

Details of investments as at 31 July 2026 are as follows:

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Malaysian Government Securities						
31.05.2027	Government of Malaysia	NR*	2,000,000	2,018,465	2,018,834	93.67
Total Malaysian Government Securities			<u>2,000,000</u>	<u>2,018,465</u>	<u>2,018,834</u>	<u>93.67</u>
Total financial assets at FVTPL			<u>2,000,000</u>	<u>2,018,465</u>	<u>2,018,834</u>	<u>93.67</u>
Shortfall of fair value over adjusted cost				<u>(369)</u>		

* Non-rated

The weighted average effective yield on investments are as follows:

	Effective yield 2026 %	2025 %
Malaysian Government Securities	3.10	-
Government Investment Issue	-	2.90

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

4. INVESTMENTS (CONT'D.)

Analysis of the remaining maturities of investments as at 31 July 2026 and 31 July 2025 are as follows:

	Less than 1 year RM	1 year to 5 years RM
2026		
At nominal value:		
Malaysian Government Securities	2,000,000	-
2025		
At nominal value:		
Government Investment Issue	-	3,500,000

5. DEPOSIT WITH LICENSED FINANCIAL INSTITUTION

	2026 RM	2025 RM
At nominal value:		
Short-term deposit	143,000	238,000
At carrying value:		
Short-term deposit	143,011	238,018

Details of deposit with licensed financial institution are as follows:

Maturity date	Financial institution	Nominal value RM	Carrying value RM	Carrying value as a percentage of NAV %
2026				
Short-term deposit				
03.08.2026	Malayan Banking Berhad	143,000	143,011	6.64

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

	Weighted average effective interest rate	Weighted average remaining maturities
	2026 %	2025 %
	2026 Days	2025 Day
Short-term deposit	2.85	2.85
	3	1

AmlIncome Management

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2026

6. AMOUNT DUE TO MANAGER

	2026 RM	2025 RM
Due to Manager		
Management fee payable	724	1,321

Management fee is at a rate of 0.35% (2025: 0.35%) per annum on the NAV of the Fund, calculated on a daily basis.

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

7. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.06% (2025: 0.06%) per annum on the NAV of the Fund, calculated on a daily basis, subject to a minimum fee of RM10,000 per annum.

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

8. NET LOSSES FROM INVESTMENTS

	2026 RM	2025 RM
Net losses on financial assets at FVTPL comprised:		
– Net realised gain/(loss) on sale of investments	10,419	(26,367)
– Net unrealised (loss)/gain on changes in fair value of investments	(19,465)	24,009
	<u>(9,046)</u>	<u>(2,358)</u>

9. TOTAL EQUITY

Total equity is represented by:

	Note	2026 RM	2025 RM
Unit holders' capital	(a)	(10,554,406)	(8,909,608)
Retained earnings			
– Realised income	(b)	12,709,755	12,709,648
– Unrealised (loss)/gain	(c)	(369)	19,096
		<u>2,154,980</u>	<u>3,819,136</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

9. TOTAL EQUITY (CONT'D.)

(a) Unit holders' capital/Units in circulation

	2026		2025	
	Number of units	RM	Number of units	RM
At beginning of the financial year	3,836,963	(8,909,608)	9,677,159	(3,017,372)
Creation during the financial year	267,462	265,855	1,036,466	1,033,550
Reinvestment of distributions	72,711	72,145	432,391	433,317
Cancellation during the financial year	(1,999,576)	(1,982,798)	(7,309,053)	(7,359,103)
At end of the financial year	<u>2,177,560</u>	<u>(10,554,406)</u>	<u>3,836,963</u>	<u>(8,909,608)</u>

The negative balance of unit holders' capital was due to the cancellation of units at a higher NAV per unit following the price appreciation of the Fund as compared to the units being created at a lower NAV per unit in prior years.

(b) Realised

	2026 RM	2025 RM
At beginning of the financial year	12,709,648	12,941,493
Net realised income for the financial year	67,627	112,374
Distribution out of realised income (Note 12)	(67,520)	(344,219)
At end of the financial year	<u>12,709,755</u>	<u>12,709,648</u>

(c) Unrealised

	2026 RM	2025 RM
At beginning of the financial year	19,096	(4,913)
Net unrealised (loss)/gain for the financial year	(19,465)	24,009
At end of the financial year	<u>(369)</u>	<u>19,096</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

10. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

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

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

There are no units held by the Manager or any other related party as at 31 July 2026 and 31 July 2025.

11. TAXATION

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

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

	2026 RM	2025 RM
Net income before taxation	<u>48,162</u>	<u>136,383</u>
Taxation at Malaysian statutory rate of 24% (2025: 24%)	11,559	32,732
Tax effects of:		
Income not subject to taxation	(26,030)	(49,803)
Losses not allowed for tax deduction	4,672	6,328
Restriction on tax deductible expenses for unit trust fund	3,801	5,219
Non-permitted expenses for tax purposes	5,576	4,944
Permitted expenses not used and not available for future financial years	<u>422</u>	<u>580</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

12. DISTRIBUTIONS

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

Financial year ended 31 July 2026

Distributions Ex-date	Gross distributions per unit RM (sen)	Net distributions per unit RM (sen)	Total distributions RM
29 August 2025	0.20	0.20	7,638
30 September 2025	0.17	0.17	6,748
31 October 2025	0.18	0.18	6,510
28 November 2025	0.15	0.15	5,426
31 December 2025	0.59	0.59	21,038
30 January 2026	0.15	0.15	5,273
27 February 2026	0.04	0.04	1,190
31 March 2026	0.13	0.13	3,880
30 April 2026	0.06	0.06	1,740
29 May 2026	0.07	0.07	1,547
30 June 2026	0.16	0.16	3,481
31 July 2026	0.14	0.14	3,049
	2.04	2.04	67,520

Financial year ended 31 July 2025

Distributions Ex-date	Gross distributions per unit RM (sen)	Net distributions per unit RM (sen)	Total distributions RM
30 August 2024	3.06	3.06	239,717
31 December 2024	0.83	0.83	35,293
28 February 2025	0.63	0.63	26,086
28 March 2025	0.29	0.29	11,939
30 April 2025	0.18	0.18	7,431
30 May 2025	0.22	0.22	8,407
30 June 2025	0.20	0.20	7,672
31 July 2025	0.20	0.20	7,674
	5.61	5.61	344,219

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

The distribution declared for the financial year ended 31 July 2026 have been proposed before taking into account the net unrealised loss of RM19,465 arising during the financial year which were carried forward to the next financial year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026****12. DISTRIBUTIONS (CONT'D.)**

All distributions during the current financial year were sourced from realised income. There were no distributions out of capital.

13. TOTAL EXPENSE RATIO ("TER")

The Fund's TER is as follows:

	2026	2025
	% p.a.	% p.a.
Management fee	0.35	0.35
Trustee's fee	0.32	0.18
Fund's other expenses	0.62	0.29
Total TER	<u>1.29</u>	<u>0.82</u>

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

14. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investments to the average NAV of the Fund calculated on a daily basis is 2.77 times (2025: 3.50 times).

15. SEGMENTAL REPORTING

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

16. TRANSACTIONS WITH BROKERS

Details of transactions with brokers for the financial year ended 31 July 2026 are as follows:

	Transactions value	
	RM	%
Malayan Banking Berhad	6,900,405	39.26
CIMB Bank Berhad	5,390,280	30.67
CIMB Islamic Bank Berhad	5,284,545	30.07
Total	<u>17,575,230</u>	<u>100.00</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

16. TRANSACTIONS WITH BROKERS (CONT'D.)

The Manager is of the opinion that the above transactions have been entered in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

The above transactions are in respect of fixed income instruments. Transactions in these investments do not involve any commission or brokerage fee.

17. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2026				
Financial assets				
Investments	2,018,465	-	-	2,018,465
Deposit with licensed financial institution	-	143,011	-	143,011
Cash at bank	-	10,651	-	10,651
Total financial assets	2,018,465	153,662	-	2,172,127
Financial liabilities				
Amount due to Manager	-	-	724	724
Amount due to Trustee	-	-	849	849
Distribution payable	-	-	3,049	3,049
Total financial liabilities	-	-	4,622	4,622
2025				
Financial assets				
Investments	3,594,318	-	-	3,594,318
Deposit with licensed financial institution	-	238,018	-	238,018
Cash at bank	-	11,043	-	11,043
Total financial assets	3,594,318	249,061	-	3,843,379

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

17. FINANCIAL INSTRUMENTS (CONT'D.)

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

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2025 (cont'd.)				
Financial liabilities				
Amount due to Manager	-	-	1,321	1,321
Amount due to Trustee	-	-	849	849
Distribution payable	-	-	7,674	7,674
Total financial liabilities	-	-	9,844	9,844

	Income, expenses, gains and losses	
	2026 RM	2025 RM
Income, of which derived from:		
– Interest income from financial assets at FVTPL	91,863	152,805
– Interest income from financial assets at amortised cost	6,176	30,697
Net losses from financial assets at FVTPL	<u>(9,046)</u>	<u>(2,358)</u>

(b) Financial instruments that are carried at fair value

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

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

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable; either directly or indirectly; or
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

17. FINANCIAL INSTRUMENTS (CONT'D.)

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2026				
Financial assets at FVTPL	-	2,018,465	-	2,018,465
2025				
Financial assets at FVTPL	-	3,594,318	-	3,594,318

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

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

- Deposit with licensed financial institution
- Cash at bank
- Amount due to Manager
- Amount due to Trustee
- Distribution payable

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

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

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

(a) Market risk

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

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

(i) Interest rate risk

Interest rate risk will affect the value of the Fund's investments, given the interest rate movements, which are influenced by regional and local economic developments as well as political developments.

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

The result below summarised the interest rate sensitivity of the Fund's NAV, or theoretical value due to the parallel movement assumption of the yield curve by +100bps and -100bps respectively:

Parallel shift in yield curve by:	Sensitivity of the Fund's NAV, theoretical value	
	2026 RM	2025 RM
+100 bps	(16,317)	(39,966)
-100 bps	<u>16,491</u>	<u>40,624</u>

(b) Credit risk

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

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

(b) Credit risk (cont'd.)

(i) Credit quality of financial assets

The following table analyses the Fund's portfolio of debt securities by rating category as at 31 July 2026 and 31 July 2025:

Credit rating	RM	As a % of debt securities	As a % of NAV
2026			
NR	2,018,465	100.00	93.67
2025			
NR	3,594,318	100.00	94.11

For deposits with licensed financial institution, the Fund only makes placements with licensed financial institution with sound rating of P1/MARC-1 and above. The following table presents the Fund's portfolio of deposits by rating category as at 31 July 2026 and 31 July 2025:

Credit rating	RM	As a % of deposits	As a % of NAV
2026			
P1/MARC-1	143,011	100.00	6.64
2025			
P1/MARC-1	238,018	100.00	6.23

Cash at bank is held for liquidity purposes and is not exposed to significant credit risk.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

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

(b) Credit risk (cont'd.)

(ii) Credit risk concentration

Concentration of risk is monitored and managed based on sectorial distribution. The table below analyses the Fund's portfolio of debt securities by sectorial distribution as at 31 July 2026 and 31 July 2025:

Sector	RM	As a % of debt securities	As a % of NAV
2026			
Public administration	2,018,465	100.00	93.67
2025			
Public administration	3,594,318	100.00	94.11

(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 assets. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its financial liabilities or redeem its units earlier than expected. This is also the risk of the Fund experiencing large redemptions, when the Investment Manager could be forced to sell large volumes of its holdings at unfavorable prices to meet redemption requirements.

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 cash at banks, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

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

AmlIncome Management

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2026

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

(c) Liquidity risk (cont'd.)

The following table presents the undiscounted contractual cash flows from different financial assets and financial liabilities classes in the Fund:

	Contractual cash flows (undiscounted)					
	0 – 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM	More than 5 years RM
2026						
Financial assets						
Investments	2,070,230	-	-	-	-	-
Deposit with licensed financial institution	143,033	-	-	-	-	-
Cash at bank	10,651	-	-	-	-	-
Total financial assets	2,223,914	-	-	-	-	-
Financial liabilities						
Amount due to Manager	724	-	-	-	-	-
Amount due to Trustee	849	-	-	-	-	-
Total financial liabilities	1,573	-	-	-	-	-

AmlIncome Management

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2026

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

(c) Liquidity risk (cont'd.)

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

	Contractual cash flows (undiscounted)					
	0 – 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM	More than 5 years RM
2025						
Financial assets						
Investments	142,450	3,571,225	-	-	-	-
Deposit with licensed financial institution	238,018	-	-	-	-	-
Cash at bank	11,043	-	-	-	-	-
Total financial assets	391,511	3,571,225	-	-	-	-
Financial liabilities						
Amount due to Manager	1,321	-	-	-	-	-
Amount due to Trustee	849	-	-	-	-	-
Total financial liabilities	2,170	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2026**

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

(d) Single issuer risk

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

(e) Regulatory risk

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

(f) Management risk

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

(g) Non-compliance risk

This is the risk of the Manager or the Trustee not complying with the respective internal policies, the Deeds, securities laws or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the Fund.

19. CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for creation and cancellation of units to the Fund.

The Fund's objectives for managing capital are:

- (a) To invest in investments meeting the description, risk exposure and expected return indicated in its Prospectus;
- (b) To maintain sufficient liquidity to meet the expenses of the Fund, and to meet cancellation requests as they arise; and
- (c) To maintain sufficient fund size to make the operations of the Fund cost-efficient.

No changes were made to the capital management objective, policies or processes during the current and previous financial years.

AmIncome Management

STATEMENT BY THE MANAGER

I, Wong Weng Tuck, 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 MFRS Accounting Standards and IFRS Accounting Standards so as to give a true and fair view of the financial position of AmIncome Management (the “Fund”) as at 31 July 2026 and of the comprehensive income, the changes in equity and cash flows for the financial year then ended.

For and on behalf of the Manager

WONG WENG TUCK

Executive Director

Kuala Lumpur, Malaysia

21 September 2026

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AMINCOME MANAGEMENT ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 July 2026 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AmFunds Management Berhad has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

We are of the opinion that the distributions of income by the Fund are appropriate and reflects the investment objective of the Fund.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Fund Operations

Sylvia Beh
Chief Executive Officer

Kuala Lumpur
21 September 2026

DIRECTORY

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

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

*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.)*

