

ANNOUNCEMENT

NOTICE

To all Members of Funds under the AmPRS Scheme

RE: Notification on Proposed Change of Performance Benchmark and Updates to the Shariah Investment Guidelines for AmPRS

Dear Valued Distributors / Members,

Thank you for investing with us.

We would like to inform you that we, as the PRS Provider of the AmPRS (“Scheme”), will be issuing a Fifth Supplementary Disclosure Document for the Scheme to reflect the following updates and/or changes:

- 1) For AmPRS – Growth Fund, AmPRS – Moderate Fund, AmPRS – Islamic Equity Fund and AmPRS – Islamic Balanced Fund (individually the “Fund”)

The proposed change in the performance benchmark is part of our effort to streamline the index provider for composite benchmarks used by our funds. The replacement equities index sub-component of the composite benchmark is provided by MSCI, a globally recognized index provider with methodology aligns with global investment practices. The proposed changes are as follows:

Fund Name	Current Benchmark	Proposed Benchmark
AmPRS – Growth Fund	<ul style="list-style-type: none"> • 20% MSCI AC Asia Pacific ex Japan Index • 30% FTSE Bursa Malaysia Top 100 Index • 20% MSCI AC World Index • 30% Quantshop Medium* MGS Index <p>Note: * Medium means a duration of three (3) years to seven (7) years.</p>	<ul style="list-style-type: none"> • 70% MSCI Malaysia Index • 30% Quantshop Medium* MGS Index <p>Note: * Medium means a duration of between three (3) years to seven (7) years. The benchmark is for performance comparison only. The risk profile of the performance benchmark is not the same as the risk profile of the Fund.</p>
AmPRS – Moderate Fund	<ul style="list-style-type: none"> • 15% MSCI AC Asia Pacific ex Japan Index • 20% FTSE Bursa Malaysia Top 100 Index • 15% MSCI AC World Index • 50% Quantshop Medium* MGS Index <p>Note: *Medium means a duration of three (3) years to seven (7) years.</p>	<ul style="list-style-type: none"> • 50% MSCI Malaysia Index • 50% Quantshop Medium* MGS Index <p>Note: * Medium means a duration of between three (3) years to seven (7) years. The benchmark is for performance comparison only. The risk profile of the performance benchmark is not the same as the risk profile of the Fund.</p>
AmPRS – Islamic Equity Fund	<ul style="list-style-type: none"> • 20% MSCI AC Asia Pacific ex Japan Islamic Index 	<ul style="list-style-type: none"> • 70% MSCI Malaysia Islamic Index • 30% Quantshop Medium* GI Index

	<ul style="list-style-type: none"> • 30% FTSE Bursa Malaysia Emas Shariah Index • 20% MSCI AC World Islamic Index • 30% Quantshop Medium* GII Index <p><i>Note: * Medium means a duration of three (3) years to seven (7) years</i></p>	<p><i>Note: * Medium means a duration of between three (3) years to seven (7) years.</i></p> <p><i>The benchmark is for performance comparison only. The risk profile of the performance benchmark is not the same as the risk profile of the Fund.</i></p>
AmPRS – Islamic Balanced Fund	<ul style="list-style-type: none"> • 15% MSCI AC Asia Pacific ex Japan Islamic Index • 20% FTSE Bursa Malaysia Emas Shariah Index • 15% MSCI AC World Islamic Index • 50% Quantshop Medium* GII Index <p><i>Note: * Medium means a duration of three (3) years to seven (7) years</i></p>	<ul style="list-style-type: none"> • 50% MSCI Malaysia Islamic Index • 50% Quantshop Medium* GII Index <p><i>Note: * Medium means a duration of between three (3) years to seven (7) years.</i></p> <p><i>The benchmark is for performance comparison only. The risk profile of the performance benchmark is not the same as the risk profile of the Fund.</i></p>

2) Proposed updates on Shariah Investment Guidelines for AmPRS – Islamic Equity Fund and AmPRS – Islamic Balanced Fund

The Shariah Investment Guidelines is updated following the proposed change in benchmark for AmPRS – Islamic Equity Fund and AmPRS – Islamic Balanced Fund. Please refer to Appendix A for the proposed amendments.

Subject to the Fifth Supplementary Disclosure Document for the Scheme being registered with the Securities Commission Malaysia, the abovementioned amendments will take effect on the issuance date of the Fifth Supplementary Disclosure Document for the Scheme.

A copy of the Fifth Supplementary Disclosure Document for the Scheme can be obtained and downloaded from our website at www.aminvest.com on the effective date of the Fifth Supplementary Disclosure Document for the Scheme.

Should you require further information and clarification, please do not hesitate to contact us at:

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AmFunds Management Berhad

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Current Disclosure	Proposed Disclosure
<p>Shariah screening and approving process</p> <p>Investment of the Fund will primarily be in securities which are Shariah Compliant based on the list of securities approved by the Shariah Advisory Council (SAC) of the SC (“SACSC”) and/or securities listed under the MSCI AC Asia Pacific Islamic Ex Japan Index. Any securities which are classified as Shariah Compliant by the SACSC and/or listed under the MSCI AC Asia Pacific Islamic Ex Japan Index shall be accepted and be treated as Shariah Compliant securities. Other securities which are not listed in Malaysia and/or not listed under the MSCI AC Asia Pacific Islamic Ex Japan Index will be duly screened by the Shariah Adviser based on screening methodology as set out below. These securities would need to be approved by the Shariah Adviser before the Investment Manager can proceed with investments. A list of such securities shall be maintained and the Shariah Adviser shall review the list on a quarterly basis.</p> <p>Level 1: Business Activity Screening</p> <p>Shariah Investment Guidelines do not allow investment in companies which are directly active in, or derive more than 5% of their revenue (cumulatively) from, the following activities (“prohibited activities”):</p> <ul style="list-style-type: none"> • Alcohol; • Tobacco; • Pork related products; • Conventional financial services; • Defense/Weapons; • Gambling/Casino; 	<p>Shariah screening and approving process</p> <p>Equity Screening Process</p> <p>Any securities which are listed under the MSCI Malaysia Islamic Index and in addition to securities, including initial public offerings (“IPOs”) classified as Shariah-compliant by the SACSC shall be accepted. Foreign securities which are members of MSCI Islamic Indexes shall be accepted and be treated as Shariah-compliant securities. For foreign securities including IPOs which are not members of MSCI Islamic Indexes, the securities will be approved by Shariah Adviser, based on MSCI screening methodology prior to investment being made. Further information on the MSCI Shariah Indices Methodology can be found on the MSCI Global website at www.msci.com/indexes/group/islamic-indexes.</p> <p>The SAC adopts a two-tier quantitative approach, which applies the business activity benchmarks and the financial ratio benchmarks, in determining the Shariah status of the listed securities. Hence, the securities will be classified as Shariah-compliant if their business activities and financial ratios are below these benchmarks.</p> <p>Business activity benchmarks</p> <p>The contribution of Shariah non-compliant activities to the Group total income will be computed and compared against the five-per cent benchmark. The businesses/activities are as follows:</p> <p>(i) The five-per cent benchmark</p> <p>The five-per cent benchmark is applicable to the following businesses/activities:</p> <ul style="list-style-type: none"> • conventional banking and lending; • conventional insurance; • gambling;

- Music;
- Hotels;
- Cinema; and
- Adult entertainment

Level 2: Financial Screening

Shariah Investment Guidelines do not allow investment in companies deriving significant income from interest or companies that have excessive leverage. The following three financial ratios are to be met in order to qualify as Shariah Compliant:

- Total debt (excluding Shariah Compliant debt and Shariah Compliant instruments) over total assets must be less than 33.33%;
- Sum of a company's cash and interest-bearing securities (excluding Shariah Compliant debt and Shariah Compliant instruments) over total assets must be less than 33.33%; and

- liquor and liquor-related activities;
- pork and pork-related activities;
- non-halal food and beverages (F&B) including F&B without halal certification;
- tobacco, cigarette, electronic cigarettes and their related activities and products;
- interest income from conventional accounts and instruments (including interest income awarded arising from a court judgement or arbitrator, late payment charges and penalty charges);
- dividends from Shariah non-compliant investments;
- Shariah non-compliant entertainment;
- share trading;
- stockbroking business;
- cinema;
- rental received from Shariah non-compliant activities; and
- other activities deemed non-compliant according to Shariah principles as determined by the SAC.

For the above-mentioned businesses/activities, the contribution of Shariah non-compliant businesses/activities to the Group total income must be less than five per cent.

Financial ratio benchmarks

For the financial ratio benchmarks, the SACSC takes into account the following:

(i) Cash over total assets

Cash only includes cash placed in conventional accounts and instruments, whereas cash placed in Islamic accounts and instruments is excluded from the calculation.

(ii) Debt over total assets

Debt only includes interest-bearing debt whereas Islamic financing or sukuk is excluded from the calculation.

- Sum of a company's accounts receivables and cash over total assets must be less than 33.33%.

Wrong Investment

This refers to investment based on Shariah principles but due to unintentional mistake investing in Shariah non-compliant investment, the said investment will be disposed within a period of not more than one month after knowing the status of the securities. In the event that there is any gain made in the form of capital gain or dividend received before or after the disposal of the securities, it has to be channeled to baitulmal and/or charitable bodies as approved by the Shariah Adviser. The investors have the right to retain only the investment cost.

If the disposal of the investment resulted in losses to the Fund, the losses are to be borne by the Manager by ensuring the loss portion be restored and returned to the funds.

Income Purification

Any income which relates to income from Shariah non-Compliant investments such as interest income, excess capital gain from disposal of Shariah non-Compliant securities received by the Fund from its investment portfolio are considered impure income. This impure income is subject to an income purification process as determined by the Shariah Adviser from time to time and without limitation, the impure income will be distributed to organizations considered beneficial to the public at large, which are endorsed by the Shariah Adviser and approved by the Trustee.

Reclassification of Shariah Compliant securities

The Fund will invest in Shariah Compliant securities. However, the SACSC, the Shariah Adviser or the MSCI's Shariah advisors' committee of Sharia scholars may reclassify the Shariah Compliant securities to be Shariah non-Compliant in the periodic review of the securities. These securities will be required to be disposed in the event the respective market price of Shariah non-Compliant securities exceeds or is equal to the investment cost.

Each ratio, which is intended to measure *riba* and *riba*-based elements within a company's statements of financial position, must be less than 33 per cent.

In addition to the above two-tier quantitative criteria, the SACSC also takes into account the qualitative aspect which involves public perception or image of the company's activities from the perspective of Islamic teaching.

Shariah-compliant securities include ordinary shares and warrants (issued by the companies themselves). This means that warrants are classified as Shariah-compliant securities provided the underlying shares are also Shariah-compliant. On the other hand, loan stocks and bonds are Shariah non-compliant securities unless they are structured based on the SACSC's approved Shariah rulings, concepts and principles.

Special Purpose Acquisition Companies ("SPACs")

In classifying securities of SPACs, the SACSC considers the following criteria:

- (i) The proposed business activity should be Shariah-compliant;
- (ii) The entire proceeds raised from the initial public offering should be placed in Islamic accounts; and
- (iii) In the event that the proceeds are invested, the entire investment should be Shariah-compliant.

Islamic deposits

Islamic deposits shall be placed with financial institutions licensed under the Islamic Financial Services Act 2013 and/or Financial Services Act 2013, whichever is appropriate. For the avoidance of doubt, only Islamic account is permitted for placement of Islamic deposits with financial institutions licensed under the Financial Services Act. The Fund is also prohibited from investing in interest-bearing deposits and recognising any interest income.

Islamic money market instruments

Islamic money market instruments issued in Malaysia must be approved by SAC of BNM. Islamic money market instruments that are endorsed by other

Any dividends received up to the date of the announcement/review and capital gains arising from the disposal of Shariah non-compliant securities on the date of announcement/review can be kept by the Fund. However, any dividends received and excess capital gain from the disposal of Shariah non-compliant securities after the date of announcement/review should be channeled to *baitulmal* and/or charitable bodies.

On the other hand, the Fund is allowed to hold their investment in the Shariah non-Compliant securities in the event the market value is below the investment cost on the announcement/review day, until such time when the total amount of dividends received and the market value of the Shariah non-Compliant securities held equal the investment cost.

Shariah adviser or committee must be approved by the Shariah Adviser upon review of the relevant documents e.g. principal terms and conditions and Shariah pronouncements or approvals.

Islamic CIS

The Fund may invest in domestic and foreign Islamic CIS. The domestic Islamic CIS must be approved by the SC. For the foreign Islamic CIS, it must be approved by the Shariah Adviser upon review of the necessary and relevant documentation.

Islamic derivatives

Islamic financial derivatives that are endorsed by other Shariah adviser(s) or Shariah committee(s) must be approved by the Shariah Adviser upon review of the relevant documents e.g. principal terms and conditions and Shariah pronouncements or approvals.

Cleansing / Purification Process for the Fund

a) Active Breach / Wrong Investment

Refers to Shariah non-compliant investment made by the Investment Manager. The said investment will be disposed of / withdrawn with immediate effect or within a month of knowing the status of the investment. In the event of the investment resulted in gain (through capital gain and/or dividend) received before or after the disposal of the investment, the gain is to be channeled to *baitulmal* and/or any other charitable bodies as advised by the Shariah Adviser. The Fund has a right to retain only the investment cost. If the disposal of the investment resulted in losses to the Fund, the losses are to be borne by the Investment Manager.

b) Reclassification of Shariah Status of the Fund's Investment

A security which was reclassified as Shariah non-compliant by SACSC and/or the Shariah boards of the relevant Islamic indices will be disposed of soonest practical. If the respective market price of Shariah non-compliant securities exceeds or is equal to the investment cost, the

Fund that holds such Shariah non-compliant securities must liquidate them immediately. Any dividends received up to the effective date of reclassification and capital gains arising from the disposal of Shariah non-compliant securities on the effective date of reclassification can be kept by the Fund. However, any dividends received and excess capital gain from the disposal of Shariah non-compliant securities after the effective date of reclassification should be channeled to baitulmal and/or charitable bodies as advised by the Shariah Adviser.

On the other hand, the Fund is allowed to hold its investment in the Shariah non-compliant securities if the market price of the said securities is below the investment cost. It is also permissible for the Fund to keep the dividends received during the holding period until such time when the total amount of dividends received and the market value of the Shariah non-compliant securities held equal the investment cost. At this stage, the Fund is to dispose of its holding.

Zakat for the Fund

The Fund does not pay zakat on behalf of Muslim individuals and Islamic legal entities who are investors of the Fund. Thus, investors are advised to pay zakat on their own.

The Manager will provide to the Shariah Adviser on a quarterly basis the monthly report on the holding of the Funds and transactions entered into for the Fund. As for the initial public offering, it has to be clearly stated in the disclosure document that the stock has been classified as Shariah-compliant by the SACSC. For securities re-classified as Shariah-compliant by the SACSC or excluded from MSCI Islamic Indexes, a statement stating that the status of the securities has been determined in accordance with the ruling issued by the Shariah Adviser.