

Annual Report for

Precious Metals Securities

31 May 2022



AmInvest

Growing Your Investments in a Changing World

TRUST DIRECTORY

Manager

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

Board of Directors

Jeyaratnam A/L Tamotharam Pillai
Dato' Mustafa Bin Mohd Nor
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MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of Precious Metals Securities ("Fund") for the financial year ended 31 May 2022.

Salient Information of the Fund

Name	Precious Metals Securities ("Fund")
Category/ Type	Feeder (Global Islamic Equity) / Growth
Name of Target Fund	DWS Noor Precious Metals Securities Fund
Fund Objective	<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>
Duration	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.
Performance Benchmark	<p>FTSE Gold Mines Index ("FGMI") (Available at www.aminvest.com)</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 2022. 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>
Income Distribution Policy	Income distribution (if any) will be reinvested.

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 31 May are as follows:			
		As at 31 May		
		2022 %	2021 %	2020 %
	Foreign collective investment scheme	95.59	94.41	84.22
	Money market deposits and cash equivalents	4.41	5.59	15.78
	Total	100.00	100.00	100.00
	Note: The abovementioned percentages are calculated based on total net asset value.			
Performance Details	Performance details of the Fund for the financial years ended 31 May are as follows:			
		FY 2022	FY 2021	FY 2020
	Net asset value (RM)*	199,355,013	296,555,429	215,806,936
	Units in circulation*	390,509,662	493,729,735	392,395,574
	Net asset value per unit (RM)*	0.5105	0.6006	0.5500
	Highest net asset value per unit (RM)*	0.6064	0.6723	0.5974
	Lowest net asset value per unit (RM)*	0.4574	0.4839	0.3541
	Benchmark performance (%)	-15.13	5.07	69.57
	Total return (%) ⁽¹⁾	-15.00	9.20	45.81
	- Capital growth (%)	-15.00	9.20	45.81
	- Income distribution (%)	-	-	-
	Gross distribution (sen per unit)	-	-	-
	Net distribution (sen per unit)	-	-	-
	Total expense ratio (%) ⁽²⁾	1.14	1.17	1.17
	Portfolio turnover ratio (times) ⁽³⁾	0.24	1.15	1.85
	* 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 years computed based on the net asset value per unit and net of all fees.			
	(2) Total expense ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis. The TER decreased by 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 0.91 times (79.1%) 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 31 May 2022)

	Precious Metals Securities^(a) %	FGMI^(b) %
One year	-15.00	-15.13
Three years	10.61	14.76
Five years	4.48	6.45
Ten years	-2.97	0.04

Annual Total Return

Financial Years Ended (31 May)	Precious Metals Securities^(a) %	FGMI^(b) %
2022	-15.00	-15.13
2021	9.20	5.07
2020	45.81	69.57
2019	-0.21	2.28
2018	-7.83	-11.59

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

(b) FTSE Gold Mines Index ("FGMI") (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.

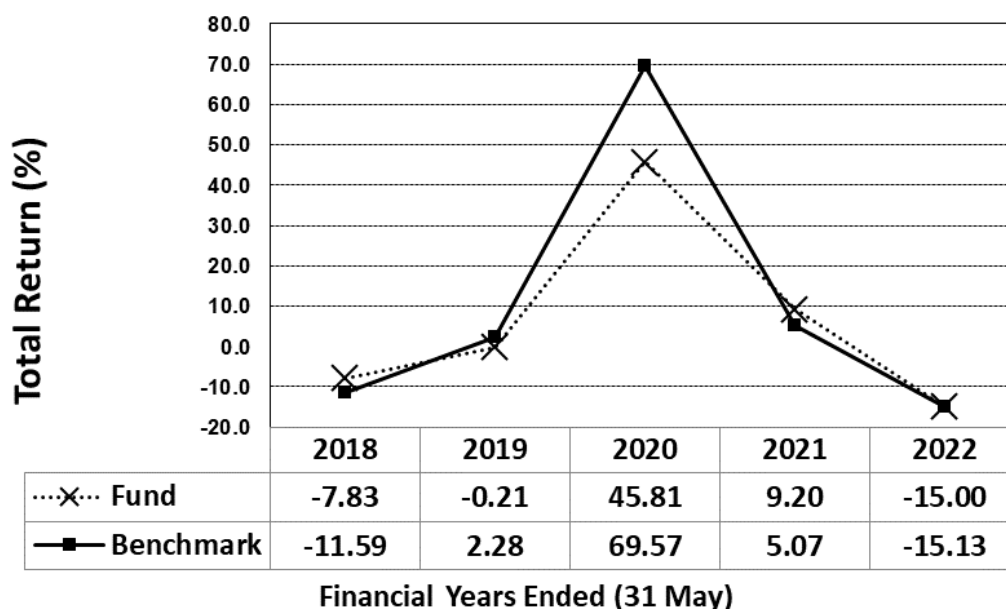
Fund Performance

For the financial year under review, the Fund registered a negative return of 15.00% which was entirely capital in nature.

Thus, the Fund's negative return of 15.00% has outperformed the benchmark's negative return of 15.13% by 0.13%.

As compared with the financial year ended 31 May 2021, the net asset value ("NAV") per unit of the Fund decreased by 15.00% from RM0.6006 to RM0.5105, while units in circulation have decreased by 20.91% from 493,729,735 units to 390,509,662 units.

The following line chart shows comparison between the annual performances of Precious Metals Securities and its benchmark, FGMI, for the 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 (“Target Fund”)

During the year, Palladium, Silver, Platinum, and Gold each had negative returns of -29.29%, -23.11%, -18.59%, and -3.65%, respectively. Gold and precious metals equities, as measured by the S&P BMI Gold and Precious Metals Index (non-Sharia compliant), lost -20.27% during the period. Nonetheless, Gold ETFs had net inflows of 4.20mm oz, or about 4.2% of total known gold ETFs over the same time frame.

During the year, the Target Fund lost -19.19% in USD. The top 3 individual contributors to the Target Fund were SSR Mining Inc, OceanaGold Corporation, and Yamana Gold Inc. The top 3 detractors were Polymetal International Plc, Kinross Gold Corporation, and Barrick Gold Corporation.

Source: DWS, as at 31 May 2022

Strategies and Policies Employed

Strategies and Policies employed by Target Fund

We continue to observe that performance for firms that rate highly on our framework (falling capital investment and rising cash flow) has improved since the end of last year. We see the most favorable conditions for the companies with the best combination of cash flow and near-term growth. Given that miners deplete available reserves with each year of production, regimes of extremely low levels of capital investment, such as the one we have been in for several years, are not sustainable over the long term. Indeed, we have already seen miners beginning to announce growth and replacement initiatives after many years of contracting budgets. We also observe rising operating costs driving a decline in margins as inflation makes its way through the business. We believe the companies our process emphasizes offer a compelling combination of upside capture, by delivering shareholder returns and funding development activities from ongoing cash flows, and downside protection due to superior margins and declining cost profiles.

Source: DWS, as at 31 May 2022

Strategies and Policies of the Fund

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

Target Fund's Top 10 Holdings

Fund Name	Holding/Security Name	% of NAV (as of 27 May 2021)
DWS Noor Precious Metals Securities	Newmont Corp	9.76
	Franco-Nevada Corp	7.89
	Barrick Gold Corp	6.15
	Wheaton Precious Metals Corp	5.97
	Agnico Eagle Mines Ltd	4.99
	Newcrest Mining Ltd	4.97
	Kinross Gold Corp	4.75
	Gold Fields Ltd	4.59
	Impala Platinum Holdings Ltd	4.20
	Kirkland Lake Gold Ltd	4.11
	Total	57.37

Fund Name	Holding/Security Name	% of NAV (as of 31 May 2022)
DWS Noor Precious Metals Securities	Barrick Gold Corp	9.56
	Franco-Nevada Corp	9.44
	Agnico Eagle Mines Ltd	9.23
	Newmont Corp	8.53
	Newcrest Mining Ltd	4.83
	Wheaton Precious Metals Corp	4.77
	Royal Gold Inc	4.35
	Gold Fields Ltd	4.00
	Northern Star Resources Ltd	3.93
	Kinross Gold Corp	3.11
	Total	61.74

As of 27 May 2021

% MV	MV	Name	ISIN
9.8	9,030,985.92	Newmont	US6516391066
7.8	7,264,338.35	Franco-Nevada	CA3518581051
6.0	5,558,036.85	Barrick Gold	CA0679011084
5.9	5,493,005.01	Wheaton Precious Metals	CA9628791027
5.0	4,654,850.18	Newcrest Mining	AU000000NCM7
4.9	4,556,575.74	Agnico Eagle Mines	CA0084741085
4.7	4,384,699.90	Kinross Gold	CA4969024047
4.6	4,269,601.13	Gold Fields	ZAE000018123
4.3	3,990,502.24	Impala Platinum Holdings	ZAE000083648
4.0	3,728,762.65	Kirkland Lake Gold	CA49741E1007

As of 31 May 2022

% MV	MV	Name	ISIN
9.6	5,443,612.58	Barrick Gold	CA0679011084
9.4	5,373,328.93	Franco-Nevada	CA3518581051
9.2	5,255,354.62	Agnico Eagle Mines	CA0084741085

% MV	MV	Name	ISIN
8.5	4,858,621.52	Newmont	US6516391066
4.8	2,749,086.22	Newcrest Mining	AU000000NCM7
4.8	2,713,717.90	Wheaton Precious Metals	CA9628791027
4.4	2,477,288.40	Royal Gold	US7802871084
4.0	2,276,629.87	Gold Fields	ZAE000018123
3.9	2,238,453.80	Northern Star Resources	AU000000NST8
3.4	1,947,863.10	Zijin Mining Group Co. Cl.H (new)	CNE100000502

Source: DWS, as at 31 May 2022

Portfolio Structure	The table below is the asset allocation of the Fund as at 31 May 2022 and 31 May 2021.			
		As at 31.5.2022 %	As at 31.5.2021 %	Changes %
	Foreign collective investment scheme	95.59	94.41	1.18
	Money market deposits and cash equivalents	4.41	5.59	-1.18
	Total	100.00	100.00	
	As at 31 May 2022, the Fund has invested 95.59% of its NAV in the foreign collective investment scheme and 4.41% in money market deposits and cash equivalents. There have been no significant changes to the asset allocation since the last reporting.			
Securities Lending / Repurchase Transactions	The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”).			
Cross Trade	There were no cross trades undertaken during the financial year under review.			
Distribution/ Unit splits	There is no income distribution and unit split declared for the financial year under review.			
State of Affairs	The cessation of sales of the Fund was announced to begin on 31 May 2021 pending the issuance of a supplementary prospectus to reflect the changes to the Target Fund made by the manager of the Target Fund, including the change of the Target Fund from a sub-fund of DWS Noor Islamic Funds Plc to a sub-fund of DWS Invest (IE) ICAV. The Fund was available for subscription upon the issuance of the Seventh Supplementary Master Prospectus dated 26 October 2021 which reflected the above mentioned changes.			
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	To start the review period, the Gold price fluctuated in sync with movements in real yield, which moved in sync with nominal yields during the month of June 2021. 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 generally moved in sync with			

industrial metals sentiment, which came under pressure as Chinese authorities continued to act 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 saw over the previous 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 suggested 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 feared 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 of 2021, 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. To end the year, Precious Metals were up slightly in December, with Gold continuing to hold near \$1,800/oz level as investors weighed rising COVID risks against a quickening pace of policy normalization in the U.S. Additionally, the U.S. Federal Reserve's hawkish pivot at the latest FOMC meeting also helped improve sentiment during the month. Also of note, after a period of sustained weakness, Platinum and Palladium prices bounced in December as investors looked toward increased demand in 2022 and the possibility of easing automobile chip shortages.

Precious Metals ended the first month of 2022 down slightly, though Gold held on near the \$1,800/oz level as safe-haven demand picked up in the final week of January. Pressure loomed as the era of easy money drew to a close; persistent inflation and signs of a healthy labor market supported the Fed's recent hawkish pivot. Of note, Palladium prices rallied in excess of 23% on concerns that Russian supply (which accounts for ~40% of the global total) would be impacted by potential sanctions. During February, Precious Metals reacted sharply to changes in the Russia/Ukraine conflict. Silver led gains across the complex while Gold sustained moves above \$1,900/oz level in February as safe-haven demand increased. Meanwhile, Palladium prices continued higher on concerns that Russian would be impacted by potential sanctions. Platinum also managed small gain given looser

	<p>supply and demand dynamics. Heading into March, consumer prices rose over 8% year-on-year, marking the hottest inflation print since 1981 and continuing to cause investors to scramble to add inflation protection to their portfolios via assets such as gold. Surging prices for necessities such as food, energy and shelter made markets increasingly worried about the Fed's ability to engineer a soft landing for the economy. The increase in inflation also took place against still-escalating tensions in Europe. Gold spiked early in March, reacting to worsening conditions in the Russia-Ukraine conflict. The increase in tensions drove gold prices north of \$2,000/oz at one point, before closing the month around ~\$1,940/oz.</p> <p>Precious Metals were all sharply lower in April, with nearly all members of the complex down for the month. Gold and Silver prices suffered following increasingly hawkish commentary from Fed speakers leading up to the FOMC on May 4th. However, despite the negative return for Gold, investment demand remained strong with ETF holdings of Gold continuing to rise. Palladium was the exception, ending the month modestly higher. Of note, Palladium prices corrected heavily in May following a quarterly production report from Norilsk Nickel which stated that exports were continuing, with the company also noting that they expected to achieve full-year guidance issued before the invasion of Ukraine. More broadly, Precious Metals were lower again in May, with all members of the complex down for the month except Platinum; there have been instances of auto manufactures substituting Platinum for Palladium given the latter's longer-term supply risk from Russia. Elsewhere within the complex, Gold and Silver prices continued to pull back on the combined weight of a strong U.S. Dollar and higher rates given ongoing hawkish Fed commentary. However, despite continued hawkish rhetoric from the Fed, Gold continues to look attractive on a risk-adjusted basis given the heightened uncertainty. We observed investors continuing to shrug off higher real rates as inflation and recession fears join geopolitical risks as reasons for investors to demand risk hedges as part of overall portfolio allocations.</p> <p><i>Source: DWS, as at 31 May 2022</i></p>
Market Outlook	<p>Though the daily ins-and-outs of the conflict have occupied less space on the front page, the risk environment remains elevated from multiple perspectives. Despite the elevated levels of inflation the global economy is already experiencing, there are still commodities where flows have remained largely undisturbed and where direct sanctions have not been put in place. Were either side decide to use these commodities as a bargaining tool (Russia through a decrease or complete stoppage in exports; NATO countries through imposing formal sanctions on Russian volumes), we could see further increases in commodity prices and the inflation that comes with them. We have already observed decreased gas exports flowing to Europe from Russia, though Russian claims this is due to equipment failure, rather than as a geopolitical bargaining chip. There is also the potential for the general geopolitical risk conditions to deteriorate from military or non-military actions, such as an increase in the frequency or severity of threats to utilize nuclear weapons. Finally, we have already seen expectations for growth impacted by both elevated prices and reduced activity levels, particularly within Europe and the US where fallout from the Russia/Ukraine conflict and elevated inflation have greatly impacted macro conditions.</p> <p>At this juncture, it will be a tall-task for policymakers to rein in inflation without driving various economies into recession. The risks that monetary policy is too loose, leading to elevated inflation expectations remaining elevated, or too restrictive, choking off growth and creating recessionary conditions, are both contributing factors to our more positive view on gold. Though they have come off recent highs, we view the resiliency of retail holdings of gold ETFs despite price headwinds as a signal about demand from market participants to hedge rising risk conditions.</p> <p>Gold miners continue to generate strong cash flow under most price scenarios.</p>

We observe input cost inflation across most miners' portfolios on both the operating and project capital sides of the business. On the operating side, miners highlighted increased costs for fuel and consumables, such as explosives (where Russia is a major producer). Several miners noted increasing supplies on-hand at minesite to combat shortages and this operational cushion could become a source of differentiation among firms. Despite cost increases, we saw strong free cash flow generation across global miners.

We continue to expect strong free cash flows to translate to enhanced shareholder returns, particularly for those firms that are not currently executing large capital investment programs. First quarter results saw several miners initiate or re-affirm existing capital return programs, an attribute of the asset class which we think will gain more visibility as returns are stepped up this year. Using consensus expectations for capital returns, we see the gold sector potentially providing a yield well in excess of that expected on broader equity markets, enhancing its attractiveness.

What does the future hold for Gold?

While uncertainty about the Russia/Ukraine situation remains elevated, we expect gold prices to continue to benefit from safe-haven demand. The nature and timing of a resolution to the conflict remains very uncertain at this point, driving additional investor allocations to gold. Hotter-than-expected inflation data has resulted in renewed interest in inflation hedges, such as gold, for the time being. We expect Gold price volatility to increase as markets assess how far the Fed will in balancing the shock of policy changes on risk markets and the urgent need to reign in consumer price inflation. With forward markets currently expecting just under 8 hikes for the remainder of the year, any softening of language could be a positive catalyst for gold. We also foresee additional gold price volatility as monetary policy measures across global central banks diverge in the near-term.

Source: DWS, as at 31 May 2022

Kuala Lumpur, Malaysia
AmFunds Management Berhad

22 July 2022

Independent auditors' report to the unit holders of Precious Metals Securities

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Precious Metals Securities ("the Fund"), which comprise the statement of financial position as at 31 May 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 37.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 May 2022, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

Independent auditors' report to the unit holders of Precious Metals Securities (cont'd.)

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

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

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

Responsibilities of the Manager and the Trustees for the financial statements

The Manager is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The 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 has no realistic alternative to do so.

The Trustee is 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.

Auditor's responsibilities for the audit of the financial statements

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

**Independent auditors' report to the unit holders of
Precious Metals Securities (cont'd.)**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 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
Precious Metals Securities (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 Securities Commissions 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

Lee Pei Yin
No. 03189/05/2023 J
Chartered Accountant

Kuala Lumpur, Malaysia
22 July 2022

Precious Metals Securities

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2022

	Note	2022 RM	2021 RM
ASSETS			
Shariah-compliant investment	4	190,570,038	279,970,855
Amount due from Manager	5(a)	132,094	-
Other receivables		144	-
Cash at banks		9,133,071	16,919,186
TOTAL ASSETS		199,835,347	296,890,041
LIABILITIES			
Amount due to Manager	5(b)	456,899	306,314
Amount due to Trustee	6	10,635	15,498
Sundry payables and accruals		12,800	12,800
TOTAL LIABILITIES		480,334	334,612
NET ASSET VALUE ("NAV") OF THE FUND		199,355,013	296,555,429
EQUITY			
Unit holders' capital	8(a)	324,484,775	383,119,225
Accumulated losses	8(b)(c)	(125,129,762)	(86,563,796)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	8	199,355,013	296,555,429
UNITS IN CIRCULATION	8(a)	390,509,662	493,729,735
NAV PER UNIT (RM)		0.5105	0.6006

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

Precious Metals Securities

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Note	2022 RM	2021 RM
SHARIAH-COMPLIANT INVESTMENT (LOSS)/ INCOME			
Profit income		99,678	246,595
Other income – exit penalty	8(a)	205,187	100,606
Net (loss)/gain from Shariah-compliant investment:			
– Financial assets at fair value through profit or loss (“FVTPL”)	7	(36,233,289)	18,206,559
Other unrealised foreign exchange gain		-	25,884
		<u>(35,928,424)</u>	<u>18,579,644</u>
EXPENDITURE			
Manager’s fee	5	(2,471,394)	(3,532,782)
Trustee’s fee	6	(138,406)	(192,716)
Audit fee		(9,000)	(9,000)
Tax agent’s fee		(3,800)	(3,800)
Other expenses		(14,942)	(18,663)
		<u>(2,637,542)</u>	<u>(3,756,961)</u>
Net (loss)/income before taxation		(38,565,966)	14,822,683
Taxation	10	-	-
Net (loss)/income after taxation, representing total comprehensive (loss)/income for the financial year		<u>(38,565,966)</u>	<u>14,822,683</u>
Total comprehensive (loss)/income comprises the following:			
Realised income		260,439	26,275,104
Unrealised losses		(38,826,405)	(11,452,421)
		<u>(38,565,966)</u>	<u>14,822,683</u>

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

Precious Metals Securities

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Note	Unit holders' capital RM	Accumulated losses RM	Total equity RM
At 1 June 2021		383,119,225	(86,563,796)	296,555,429
Total comprehensive loss for the financial year		-	(38,565,966)	(38,565,966)
Creation of units	8(a)	36,261,386	-	36,261,386
Cancellation of units	8(a)	(94,895,836)	-	(94,895,836)
Balance at 31 May 2022		<u>324,484,775</u>	<u>(125,129,762)</u>	<u>199,355,013</u>
At 1 June 2020		317,193,415	(101,386,479)	215,806,936
Total comprehensive income for the financial year		-	14,822,683	14,822,683
Creation of units	8(a)	692,225,254	-	692,225,254
Cancellation of units	8(a)	(626,299,444)	-	(626,299,444)
Balance at 31 May 2021		<u>383,119,225</u>	<u>(86,563,796)</u>	<u>296,555,429</u>

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

Precious Metals Securities

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	2022 RM	2021 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of Shariah-compliant investment	81,616,618	347,986,797
Purchase of Shariah-compliant investment	(28,449,091)	(405,483,600)
Profit received	99,678	246,595
Other income – exit penalty	205,044	100,606
Manager's fee paid	(2,572,364)	(3,415,487)
Trustee's fee paid	(143,269)	(187,076)
Tax agent's fee paid	(3,800)	(3,800)
Payments for other expenses	(23,941)	(27,826)
Net cash generated from/(used in) operating and investing activities	<u>50,728,875</u>	<u>(60,783,791)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	36,129,292	719,615,207
Payments for cancellation of units	(94,644,282)	(643,946,543)
Net cash (used in)/generated from financing activities	<u>(58,514,990)</u>	<u>75,668,664</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(7,786,115)	14,884,873
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>16,919,186</u>	<u>2,034,313</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>9,133,071</u>	<u>16,919,186</u>
Cash and cash equivalents comprise:		
Cash at banks	<u>9,133,071</u>	<u>16,919,186</u>

Precious Metals Securities

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

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 Metal Securities Fund (formerly known as Deutsche Asset Management (Asia) Limited) ("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 22 July 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 ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB") and International Financial Reporting Standards ("IFRS").

Standards effective during the financial year

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

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

Standards issued but not yet effective

The standards and amendments to standards that have been issued but not yet effective up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new pronouncements, if applicable, when they become effective:

Precious Metals Securities

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

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

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

Description	Effective for financial periods beginning on or after
<i>Covid-19 - Related Rent Concessions beyond 30 June 2021</i> (Amendments to MFRS 16)*	1 April 2021
Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018-2020”	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 <i>Business Combinations</i>)*	1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 <i>Property, Plant and Equipment</i>)*	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>)	1 January 2022
Extension of the Temporary Exemption from applying MFRS 9 (Amendments to MFRS 4 <i>Insurance Contracts</i>)*	1 January 2022
MFRS 17 <i>Insurance Contracts</i> and Amendments to MFRS 17*	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contracts</i>)*	1 January 2023
Amendments to MFRS 101: <i>Presentation of Financial Statements</i> <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> *	Deferred

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Income recognition

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

(i) Profit income

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

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

3.1 Income recognition (cont'd.)

(ii) Gain or loss on disposal of 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.

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 is readily convertible to cash with insignificant risk of changes in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

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

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 interest income and net gain on disposal of investment after deducting expenses and taxation. A proposed distribution is recognised as a liability in the period in which it is approved. Distribution is either reinvested or paid in cash to the unit holders on the income payment date. Reinvestment of units is based on the NAV per unit on the income payment date, which is also the time of creation.

3.7 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

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

3.9 Financial assets – classification and subsequent measurement

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

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

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.

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

3.11 Financial liabilities – classification and subsequent measurement

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

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

3.12 Derecognition of financial instruments (cont'd.)

(i) Derecognition of financial asset (cont'd.)

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

(ii) Derecognition of financial liability

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

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

The Fund assesses 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 the 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 it Shariah-compliant investment. 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.

Precious Metals Securities

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

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

3.15 Classification of realised and unrealised gains and losses

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

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

3.16 Significant accounting estimates and judgments

The preparation of the Fund's financial statements requires the 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 year.

4. SHARIAH-COMPLIANT INVESTMENT

	2022 RM	2021 RM
Financial asset at FVTPL		
At cost:		
Foreign CIS	<u>197,558,643</u>	<u>248,133,055</u>
At fair value:		
Foreign CIS	<u>190,570,038</u>	<u>279,970,855</u>

Precious Metals Securities

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

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 %
2022				
DWS Noor Precious Metals Securities Fund ("Target Fund")	54,423,703	190,570,038	197,558,643	95.59
Shortfall of fair value over purchased cost		<u>(6,988,605)</u>		
2021				
DWS Noor Precious Metals Securities Fund ("Target Fund")	68,607,191	279,970,855	248,133,055	94.41
Excess of fair value over purchased cost		<u>31,837,800</u>		

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	2022 RM	2021 RM
(a) Due from Manager			
Creation of units	(i)	<u>132,094</u>	<u>-</u>
(b) Due to Manager			
Redemption of units	(ii)	251,554	-
Manager's fee payable	(iii)	<u>205,345</u>	<u>306,314</u>
		<u>456,899</u>	<u>306,314</u>

Precious Metals Securities

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

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

- (i) The amount represents amount receivable from the Manager for units created.
- (ii) The amount represents amount payable to the Manager for units redeemed.

The normal credit period in the previous and current financial years 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:

	2022 % p.a.	2021 % p.a.
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 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 and current financial years for Manager's fee payable is one month.

6. AMOUNT DUE TO TRUSTEE

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

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

Precious Metals Securities

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

7. NET (LOSS)/GAIN FROM SHARIAH-COMPLIANT INVESTMENT

	2022 RM	2021 RM
Net (loss)/gain on financial assets at FVTPL comprised:		
– Net realised gains on sale of Shariah-compliant investment	1,918,860	36,566,882
– Net realised gain/(loss) on foreign currency exchange	674,256	(6,882,018)
– Net unrealised losses on changes in fair value of Shariah-compliant investment	(50,649,941)	(5,214,917)
– Net unrealised gain/(loss) on foreign currency fluctuation of Shariah-compliant investment denominated in foreign currency	11,823,536	(6,263,388)
	<u>(36,233,289)</u>	<u>18,206,559</u>

8. TOTAL EQUITY

Total equity is represented by:

	Note	2022 RM	2021 RM
Unit holders' capital	(a)	324,484,775	383,119,225
Accumulated losses			
– Realised losses	(b)	(118,141,157)	(118,401,596)
– Unrealised (loss)/gain	(c)	(6,988,605)	31,837,800
		<u>199,355,013</u>	<u>296,555,429</u>

(a) Unit holders' capital/units in circulation

	2022 Number of units	RM	2021 Number of units	RM
At beginning of the financial year	493,729,735	383,119,225	392,395,574	317,193,415
Creation during the financial year	68,954,466	36,261,386	1,175,316,266	692,225,254
Cancellation during the financial year	(172,174,539)	(94,895,836)	(1,073,982,105)	(626,299,444)
At end of the financial year	<u>390,509,662</u>	<u>324,484,775</u>	<u>493,729,735</u>	<u>383,119,225</u>

The Manager imposed an exit penalty of 1.00%, (2021: 1.00%) if redemption is made within 90 days of purchase on the NAV per unit of the Fund during the financial year. The exit penalty shall be placed back to the Fund.

Precious Metals Securities

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

8. TOTAL EQUITY (CONT'D.)

(b) Realised - distributable

	2022 RM	2021 RM
At beginning of the financial year	(118,401,596)	(144,676,700)
Net realised income for the financial year	260,439	26,275,104
At end of the financial year	<u>(118,141,157)</u>	<u>(118,401,596)</u>

(c) Unrealised - non-distributable

	2022 RM	2021 RM
At beginning of the financial year	31,837,800	43,290,221
Net unrealised losses for the financial year	(38,826,405)	(11,452,421)
At end of the financial year	<u>(6,988,605)</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:

Related parties

AmFunds Management Berhad
AmInvestment Bank Berhad
AMMB Holdings Berhad ("AMMB")
Subsidiaries and associates of AMMB
as disclosed in its financial statements

Relationships

The Manager
Holdings company of the Manager
Ultimate holding company of the Manager
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 31 May 2022 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 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

10. TAXATION (CONT'D.)

A reconciliation of income tax expense applicable to net (loss)/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:

	2022 RM	2021 RM
Net (loss)/income before taxation	(38,565,966)	14,822,683
Taxation at Malaysian statutory rate of 24% (2021: 24%)	(9,255,832)	3,557,444
Tax effects of:		
Income not subject to tax	(3,682,100)	(8,841,446)
Loss not allowed for tax deduction	12,304,921	4,406,477
Restriction on tax deductible expenses	535,945	766,478
Non-permitted expenses for tax purposes	37,516	50,029
Permitted expenses not used and not available for future financial years	59,550	61,018
Tax expense for the financial year	-	-

11. TOTAL EXPENSE RATIO ("TER")

The Fund's TER is as follows:

	2022 % p.a.	2021 % p.a.
Manager's fee	1.07	1.10
Trustee's fee	0.06	0.06
Fund's other expenses	0.01	0.01
Total TER	1.14	1.17

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.

12. 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 0.24 times (2021: 1.15 times).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

13. 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.

14. TRANSACTIONS WITH THE TARGET FUND MANAGER

Details of transactions with the Target Fund Manager for the financial year ended 31 May 2022 are as follows:

Target Fund Manager	Transaction value	
	RM	%
DWS Investments Singapore Limited	<u>110,686,274</u>	<u>100.00</u>

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

The above transactions were in respect of Shariah-compliant investment in foreign CIS. Transactions in this Shariah-compliant investment do not involve any commission or brokerage.

15. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

Precious Metals Securities

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

15. 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
2022				
Assets				
Shariah-compliant investment	190,570,038	-	-	190,570,038
Amount due from Manager	-	132,094	-	132,094
Other receivables	-	144	-	144
Cash at banks	-	9,133,071	-	9,133,071
Total financial assets	<u>190,570,038</u>	<u>9,265,309</u>	<u>-</u>	<u>199,835,347</u>
Liabilities				
Amount due to Manager	-	-	456,899	456,899
Amount due to Trustee	-	-	10,635	10,635
Total financial liabilities	<u>-</u>	<u>-</u>	<u>467,534</u>	<u>467,534</u>
2021				
Assets				
Shariah-compliant investment	279,970,855	-	-	279,970,855
Cash at banks	-	16,919,186	-	16,919,186
Total financial assets	<u>279,970,855</u>	<u>16,919,186</u>	<u>-</u>	<u>296,890,041</u>
Liabilities				
Amount due to Manager	-	-	306,314	306,314
Amount due to Trustee	-	-	15,498	15,498
Total financial liabilities	<u>-</u>	<u>-</u>	<u>321,812</u>	<u>321,812</u>
			Income, expenses, gains and losses	
			2022	2021
			RM	RM
Net (loss)/gain from financial assets at FVTPL		(36,233,289)		18,206,559
Income, of which derived from:				
– Profit income from financial assets at amortised cost		99,678		246,595
– Other unrealised foreign exchange gain		-		25,884

Precious Metals Securities

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

15. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments that are carried at fair value

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

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable; either directly or indirectly; or

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

	Level 1 RM	Level 2 RM (Note 4)	Level 3 RM	Total RM
2022				
Financial assets at FVTPL	-	190,570,038	-	190,570,038
2021				
Financial assets at FVTPL	-	279,970,855	-	279,970,855

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

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

- Amount due from/to Manager
- Amount due from Target Fund Manager
- Deposit with financial institution
- Cash at banks
- Amount due to Trustee

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.

Precious Metals Securities

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

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.

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.

The result below summarised the price risk sensitivity of the Fund's NAV due to movements of price by -5.00% and +5.00% respectively:

Percentage movements in price by:	Sensitivity of the Fund's NAV	
	2022 RM	2021 RM
-5.00%	(9,528,502)	(13,998,543)
+5.00%	9,528,502	13,998,543

Precious Metals Securities

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

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

(a) Market risk (cont'd.)

(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 institution 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.

The result below summarised the currency risk sensitivity of the Fund's NAV due to appreciation/depreciation of the Fund's functional currency against currencies other than the Fund's functional currency.

Percentage movements in currencies other than the Fund's functional currency:	Sensitivity of the Fund's NAV	
	2022 RM	2021 RM
-5.00%	(9,528,506)	(13,998,572)
+5.00%	<u>9,528,506</u>	<u>13,998,572</u>

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	2022		2021	
	RM equivalent	% of NAV	RM equivalent	% of NAV
Shariah-compliant investment	190,570,038	95.59	279,970,855	94.41
Cash at banks	77	-*	578	-*
	<u>190,570,115</u>	<u>95.59</u>	<u>279,971,433</u>	<u>94.41</u>

* represents less than 0.01%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

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

(b) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. Credit risk applies to short-term deposits and distributions receivable. The issuer of such instruments may not be able to fulfill the required profit payments or repay the principal invested or amount owing. These risks may cause the Fund's Shariah-compliant 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 institution, the Fund makes placements with financial institution 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 deposit with licensed financial institution and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

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

(d) Single issuer risk

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

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

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

(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.

17. CAPITAL MANAGEMENT

The primary objective of the Fund's capital management is to ensure that it maximises unit holders' value by expanding its fund size to benefit from economies of scale and achieving growth in NAV from the performance of its Shariah-compliant investment.

The Fund manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Fund may issue new or bonus units, make distribution payment, or return capital to unit holders by way of redemption of units.

No changes were made in the objective, policies or processes during the financial years ended 31 May 2022 and 31 May 2021.

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 financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Precious Metals Securities (the “Fund”) as at 31 May 2022 and the comprehensive income, the changes in equity and cash flows for the financial year then ended.

For and on behalf of the Manager

GOH WEE PENG

Executive Director

Kuala Lumpur, Malaysia

22 July 2022

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF PRECIOUS METALS SECURITIES ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 May 2022 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, the 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.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Gerard Ang
Chief Executive Officer

Kuala Lumpur
22 July 2022

Shariah Adviser's Report

To the unit holders of Precious Metals Securities ("Fund"),

We hereby confirm:

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

For Amanie Advisors Sdn Bhd

Tan Sri Dr Mohd Daud Bakar

Executive Chairman

Date: 22 July 2022

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.)*

