

Quarterly Report for

AmBond Select 2

31 July 2024



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
Ng Chih Kaye
Jas Bir Kaur A/P Lol Singh
Arnold Lim Boon Lay
Goh Wee Peng

Investment Committee

Arnold Lim Boon Lay
Tracy Chen Wee Keng
Goh Wee Peng

Trustee

HSBC (Malaysia) Trustee Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

CONTENTS

- 1** Manager's Report
- 6** Statement of Financial Position
- 7** Statement of Comprehensive Income
- 8** Statement of Changes in Equity
- 9** Statement of Cash Flows
- 10** Notes to the Financial Statements
- 12** Directory

MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the unaudited quarterly accounts of AmBond Select 2 ("Fund") for the financial period from 1 May 2024 to 31 July 2024.

Salient Information of the Fund

Name	AmBond Select 2 ("Fund")				
Category/Type	Wholesale Fixed Income / Income				
Objective	<p>The Fund aims to provide regular income*.</p> <p><i>Note:</i> <i>* Income distribution could be in the form of units or cash.</i> <i>Any material change to the investment objective of the Fund would require Unit Holders' approval.</i></p>				
Duration	The Fund was established on 21 November 2017 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.				
Performance Benchmark	Quantshop MGS 1-5 years index + 80 bps ("MGS") (Available at www.aminvest.com)				
Income Distribution Policy	<p>Income (if any) will be distributed monthly.</p> <p><i>Note: The income could be in the form of units or cash. Distribution of income should only be made from realised gains or realised income.</i></p>				
Breakdown of Unit Holdings by Size	For the financial period under review, the size of the Fund stood at 606,231,929 units.				
	Size of holding	As at 31 July 2024		As at 30 April 2024	
		No of units held	Number of unitholders	No of units held	Number of unitholders
	5,000 and below	-	-	-	-
	5,001-10,000	-	-	-	-
	10,001-50,000	-	-	-	-
	50,001-500,000	-	-	-	-
	500,001 and above	606,231,929	2	553,722,991	2

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 31 July 2024 and for the past three financial years are as follows:					
		As at 31.07.2024	As at 30 April			
		%	2024 %	2023 %	2022 %	
	Corporate bonds	98.79	86.65	94.64	83.09	
	Money market deposits and cash equivalents	1.21	13.35	5.36	16.91	
Total	100.00	100.00	100.00	100.00		
	<i>Note: The abovementioned percentages are calculated based on total net asset value.</i>					
Performance Details	Performance details of the Fund for the financial period ended 31 July 2024 and three financial years ended 30 April are as follows:					
		FPE 31.07.2024	FYE 2024	FYE 2023	FYE 2022	
	Net asset value (RM)	630,677,104	578,845,286	545,364,371	429,058,360	
	Units in circulation	606,231,929	553,722,991	532,718,252	427,365,233	
	Net asset value per unit (RM)	1.0403	1.0454	1.0237	1.0040	
	Highest net asset value per unit (RM)	1.0510	1.0526	1.0259	1.0327	
	Lowest net asset value per unit (RM)	1.0381	1.0239	0.9994	1.0040	
	Benchmark performance (%)	1.76	3.67	5.75	0.51	
	Total return (%) ⁽¹⁾	1.63	5.64	5.18	1.41	
	- Capital growth (%)	-0.47	2.21	2.03	-2.14	
	- Income distributions (%)	2.10	3.43	3.15	3.55	
	Gross distributions (sen per unit)	2.20	3.51	3.16	3.64	
	Net distributions (sen per unit)	2.20	3.51	3.16	3.64	
	Total expense ratio (%) ⁽²⁾	0.06	0.24	0.24	0.24	
	Portfolio turnover ratio (times) ⁽³⁾	0.20	0.50	0.61	0.45	
		<i>Note:</i>				
		<i>(1) Total return is the actual return of the Fund for the respective financial period/years computed based on the net asset value per unit and net of all fees.</i>				
	<i>(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.</i>					
	<i>(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.</i>					

Average Total Return (as at 31 July 2024)

	AmBond Select 2^(a) %	MGS^(b) %
One year	5.72	4.79
Three years	4.20	3.56
Five years	4.30	4.14
Since launch (21 November 2017)	4.73	4.35

Annual Total Return

Financial Years Ended (30 April)	AmBond Select 2^(a) %	MGS^(b) %
2024	5.64	3.67
2023	5.18	5.75
2022	1.41	0.51
2021	2.83	3.65
2020	7.42	6.97

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

(b) Quantshop MGS 1-5 years index + 80 bps ("MGS")
(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 price and investment returns may go down, as well as up.

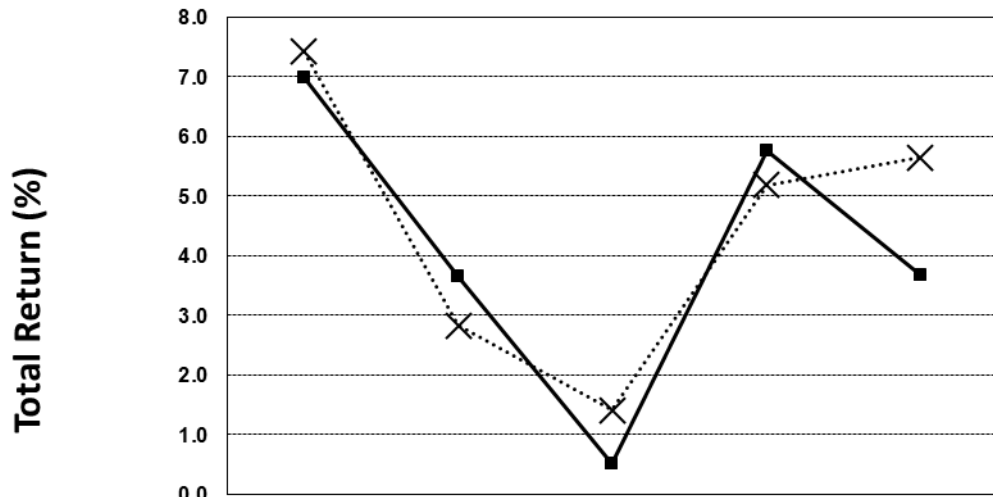
Fund Performance

For the financial period under review, the Fund registered a return of 1.63% comprising of negative 0.47% capital and 2.10% income distributions.

Thus, the Fund's return of 1.63% has underperformed the benchmark's return of 1.76% by 0.13%.

As compared with the financial year ended 30 April 2024, the net asset value ("NAV") per unit of the Fund decreased by 0.49% from RM1.0454 to RM1.0403, while units in circulation increased by 9.48% from 553,722,991 units to 606,231,929 units.

The following line chart shows comparison between the annual performances of AmBond Select 2 and its benchmark, MGS, for the financial years ended 30 April.



	2020	2021	2022	2023	2024
...X... Fund	7.42	2.83	1.41	5.18	5.64
—■— Benchmark	6.97	3.65	0.51	5.75	3.67

Financial Years Ended (30 April)

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

Strategies and Policies Employed

For the financial period under review, the Fund seeks to achieve its objective by investing in bonds with minimum credit rating of A1 by RAM or its equivalent as rated by a local or global rating agency. The Manager will be managing the Fund's bond portfolio by maintaining average duration of not exceeding 5 years and the maximum maturity tenure of the Fund's each bond not exceeding 10.5 years.

The Fund invests in RM-denominated bonds issued by issuers from ASEAN countries.

Portfolio Structure

The table below is the asset allocation of the Fund as at 31 July 2024 and 30 April 2024.

	As at 31.07.2024 %	As at 30.04.2024 %	Changes %
Corporate bonds	98.79	86.65	12.14
Money market deposits and cash equivalents	1.21	13.35	-12.14
Total	100.00	100.00	

As at 31 July 2024, the Fund had 98.79% of its NAV invested in corporate bonds, with the remaining 1.21% in money market deposits and cash equivalents.

Cross Trade

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

Distribution/ Unit splits	During the financial period under review, the Fund declared income distributions, detailed as follows:			
	Date of distributions	Distributions per unit RM (sen)	NAV per unit Cum-Distributions (RM)	NAV per unit Ex-Distributions (RM)
	31-May-24	1.17	1.0515	1.0398
	28-Jun-24	0.63	1.0444	1.0381
	31-Jul-24	0.40	1.0443	1.0403
	There is no unit split declared for the financial period under review.			
State of Affairs	There has been neither significant changes to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial period under review.			
Rebates and Soft Commission	During the period, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.			
Market Review	<p>In May, Malaysian bond market reversed from its earlier sell-off in April and strengthened driven primarily by lower-than-expected United States (US) Job data released at the beginning of the month and dovish tone from the US Federal Reserve (Fed) in its post- Federal Open Market Committee (FOMC) meeting speech. While Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 3.00% during policy meeting with a neutral monetary stance, positive sentiment in local bond market was reflected in the three sovereign bond auctions which garnered strong demand and recorded bid-to-cover (BTC) ratio between 1.965x to 3.085x. As investors were adjusting their view that the US Fed is not in a rush to cut rates, local bonds weakened slightly towards end of the month, reflecting the trend in the United States Treasury (UST) market.</p> <p>Malaysian bond market further strengthened in June and July, driven by similar movement in the UST. Economic data releases from the US were generally supportive of the bond market, indicating a cooling labour market and a continued disinflation trend. Both US headline and core Personal Consumption Expenditure (PCE) for June cooled to 2.6% on a year-on-year basis, the lowest level in more than three years. The US unemployment rate jumped to near a three-year high of 4.3% in July amid a significant slowdown in hiring, heightening fears that the labor market was deteriorating and potentially making the economy vulnerable to a recession. As investors digested comments from Fed Chair Jerome Powell, who suggested a September rate cut was on the table, along with a jump in US jobless claims, the US 10-year Treasury yield fell below 4% for the first time since February.</p>			
Market Outlook	With The United States (US) Federal Reserve (Fed) poised to cut rates as soon as September, we expect further fund flows from offshore investors to intensify in the coming months. This would provide the catalyst for the market to rally further especially on the government bonds market. Market liquidity is expected to remain ample with strong demands on bonds on an extended pause on the Overnight Policy Rate (OPR) by Bank Negara Malaysia (BNM).			

Kuala Lumpur, Malaysia
AmFunds Management Berhad

18 September 2024

AmBond Select 2

STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2024

	31.07.2024 (unaudited) RM	30.04.2024 (audited) RM
ASSETS		
Investments	623,035,441	501,555,846
Interest receivables	52,089	163,269
Amount due from brokers	-	5,105,171
Cash at banks	10,163,892	74,154,108
TOTAL ASSETS	<u>633,251,422</u>	<u>580,978,394</u>
LIABILITIES		
Amount due to Manager	121,009	110,356
Amount due to Trustee	21,437	18,921
Distribution payable	2,424,928	1,993,403
Sundry payables and accruals	6,944	10,428
TOTAL LIABILITIES	<u>2,574,318</u>	<u>2,133,108</u>
NET ASSET VALUE ("NAV") OF THE FUND	<u>630,677,104</u>	<u>578,845,286</u>
EQUITY		
Unit holders' capital	620,120,134	565,372,178
Retained earnings	10,556,970	13,473,108
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	<u>630,677,104</u>	<u>578,845,286</u>
UNITS IN CIRCULATION	<u>606,231,929</u>	<u>553,722,991</u>
NAV PER UNIT (RM)	<u>1.0403</u>	<u>1.0454</u>

AmBond Select 2

STATEMENT OF COMPREHENSIVE INCOME *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 MAY 2024 TO 31 JULY 2024

	Note	01.05.2024 to 31.07.2024 RM	01.05.2023 to 31.07.2023 RM
INVESTMENT INCOME			
Interest income		6,549,508	5,948,730
Net gains from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	1	<u>3,656,004</u>	<u>2,757,564</u>
		<u>10,205,512</u>	<u>8,706,294</u>
EXPENDITURE			
Manager’s fee		(305,669)	(276,407)
Trustee’s fee		(61,134)	(55,281)
Audit fee		(1,260)	(1,257)
Tax agent’s fee		(832)	(830)
Other expenses		<u>(1,228)</u>	<u>(104)</u>
		<u>(370,123)</u>	<u>(333,879)</u>
Net income before taxation		9,835,389	8,372,415
Taxation		<u>-</u>	<u>-</u>
Net income after taxation, representing total comprehensive income for the financial period		<u>9,835,389</u>	<u>8,372,415</u>
Total comprehensive income comprises the following:			
Realised income		6,509,196	7,974,973
Unrealised gains		<u>3,326,193</u>	<u>397,442</u>
		<u>9,835,389</u>	<u>8,372,415</u>
Distributions for the financial period			
Net distributions	2	<u>12,751,527</u>	<u>2,558,421</u>
Gross distributions per unit (sen)	2	<u>2.20</u>	<u>0.48</u>
Net distributions per unit (sen)	2	<u>2.20</u>	<u>0.48</u>

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

AmBond Select 2

STATEMENT OF CHANGES IN EQUITY *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 MAY 2024 TO 31 JULY 2024

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 May 2024		565,372,178	13,473,108	578,845,286
Total comprehensive income for the financial period		-	9,835,389	9,835,389
Creation of units		52,570,000	-	52,570,000
Reinvestment of distributions		2,177,956	-	2,177,956
Distributions	2	-	(12,751,527)	(12,751,527)
Balance at 31 July 2024		<u>620,120,134</u>	<u>10,556,970</u>	<u>630,677,104</u>
At 1 May 2023		543,470,718	1,893,653	545,364,371
Total comprehensive income for the financial period		-	8,372,415	8,372,415
Reinvestment of distributions		301,122	-	301,122
Distributions	2	-	(2,558,421)	(2,558,421)
Balance at 31 July 2023		<u>543,771,840</u>	<u>7,707,647</u>	<u>551,479,487</u>

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

AmBond Select 2

STATEMENT OF CASH FLOWS *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 MAY 2024 TO 31 JULY 2024

	01.05.2024 to 31.07.2024 RM	01.05.2023 to 31.07.2023 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	78,200,171	101,445,500
Purchases of investments	(190,936,000)	(69,588,377)
Interest received	6,678,096	6,230,528
Manager's fee paid	(295,016)	(269,449)
Trustee's fee paid	(58,618)	(54,501)
Payments for other expenses	(6,803)	(128)
Net cash (used in)/generated from operating and investing activities	<u>(106,418,170)</u>	<u>37,763,573</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	52,570,000	-
Distributions paid	(10,142,046)	(1,776,648)
Net cash generated from/(used in) financing activities	<u>42,427,954</u>	<u>(1,776,648)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(63,990,216)	35,986,925
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>74,154,108</u>	<u>41,368,907</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>10,163,892</u>	<u>77,355,832</u>
Cash and cash equivalents comprise:		
Cash at banks	<u>10,163,892</u>	<u>77,355,832</u>

AmBond Select 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 MAY 2024 TO 31 JULY 2024

1. NET GAINS FROM INVESTMENTS

	01.05.2024 to 31.07.2024 RM	01.05.2023 to 31.07.2023 RM
Net gains on financial assets at FVTPL comprised:		
– Net realised gains on sale of investments	329,811	2,360,122
– Net unrealised gains on changes in fair value of investments	3,326,193	397,442
	<u>3,656,004</u>	<u>2,757,564</u>

2. DISTRIBUTIONS

Details of distributions to unit holders for the financial periods are as follows:

	01.05.2024 to 31.07.2024 RM	01.05.2023 to 31.07.2023 RM
Gross distributions per unit (sen)	<u>2.20</u>	<u>0.48</u>
Net distributions per unit (sen)	<u>2.20</u>	<u>0.48</u>

Financial period ended 31 July 2024

Distributions Ex-date	Gross distributions per unit RM (sen)	Net distributions per unit RM (sen)	Total distributions RM
31 May 2024	1.17	1.17	6,511,242
28 June 2024	0.63	0.63	3,815,357
31 July 2024	0.40	0.40	2,424,928
	<u>2.20</u>	<u>2.20</u>	<u>12,751,527</u>

Financial period ended 31 July 2023

Distributions Ex-date	Gross distributions per unit RM (sen)	Net distributions per unit RM (sen)	Total distributions RM
30 June 2023	0.07	0.07	373,072
31 July 2023	0.41	0.41	2,185,349
	<u>0.48</u>	<u>0.48</u>	<u>2,558,421</u>

AmBond Select 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 MAY 2024 TO 31 JULY 2024

2. DISTRIBUTIONS (CONT'D.)

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

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.)*

