

Quarterly Report for

AmBond Select 2

31 October 2024



AmInvest

Growing Your Investments in a Changing World

TRUST DIRECTORY

Manager

AmFunds Management Berhad
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Trustee

HSBC (Malaysia) Trustee Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

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MANAGER’S REPORT

Dear Unitholders,

We are pleased to present you the Manager’s report and the unaudited quarterly accounts of AmBond Select 2 (“Fund”) for the financial period from 1 August 2024 to 31 October 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>* Income distribution could be in the form of units or cash.</i></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 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 616,560,427 units.				
	Size of holding	As at 31 October 2024		As at 31 July 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	616,560,427	2	606,231,929	2

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 31 October 2024, 31 July 2024 and for the past three financial years are as follows:						
		As at 31.10.2024 %	As at 31.07.2024 %	As at 30 April			
				2024 %	2023 %	2022 %	
	Corporate bonds	90.62	98.79	86.65	94.64	83.09	
Money market deposits and cash equivalents	9.38	1.21	13.35	5.36	16.91		
Total	100.00	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 periods ended 31 October 2024, 31 July 2024 and three financial years ended 30 April are as follows:						
		FPE 31.10.2024	FPE 31.07.2024	FYE 2024	FYE 2023	FYE 2022	
	Net asset value (RM'000)	639,224	630,677	578,845	545,364	429,058	
	Units in circulation ('000)	616,560	606,232	553,723	532,718	427,365	
	Net asset value per unit (RM)	1.0368	1.0403	1.0454	1.0237	1.0040	
	Highest net asset value per unit (RM)	1.0441	1.0510	1.0526	1.0259	1.0327	
	Lowest net asset value per unit (RM)	1.0366	1.0381	1.0239	0.9994	1.0040	
	Benchmark performance (%)	0.72	1.76	3.67	5.75	0.51	
	Total return (%) ⁽¹⁾	0.65	1.63	5.64	5.18	1.41	
	- Capital growth (%)	-0.36	-0.47	2.21	2.03	-2.14	
	- Income distributions (%)	1.01	2.10	3.43	3.15	3.55	
	Gross distributions (sen per unit)	1.05	2.20	3.51	3.16	3.64	
	Net distributions (sen per unit)	1.05	2.20	3.51	3.16	3.64	
	Total expense ratio (%) ⁽²⁾	0.06	0.06	0.24	0.24	0.24	
	Portfolio turnover ratio (times) ⁽³⁾	0.07	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 periods/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>						

(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.

Average Total Return (as at 31 October 2024)

	AmBond Select 2^(a) %	Benchmark^(b) %
One year	5.87	4.98
Three years	4.51	3.88
Five years	4.11	4.01
Since launch (21 November 2017)	4.65	4.29

Annual Total Return

Financial Years Ended (30 April)	AmBond Select 2^(a) %	Benchmark^(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.

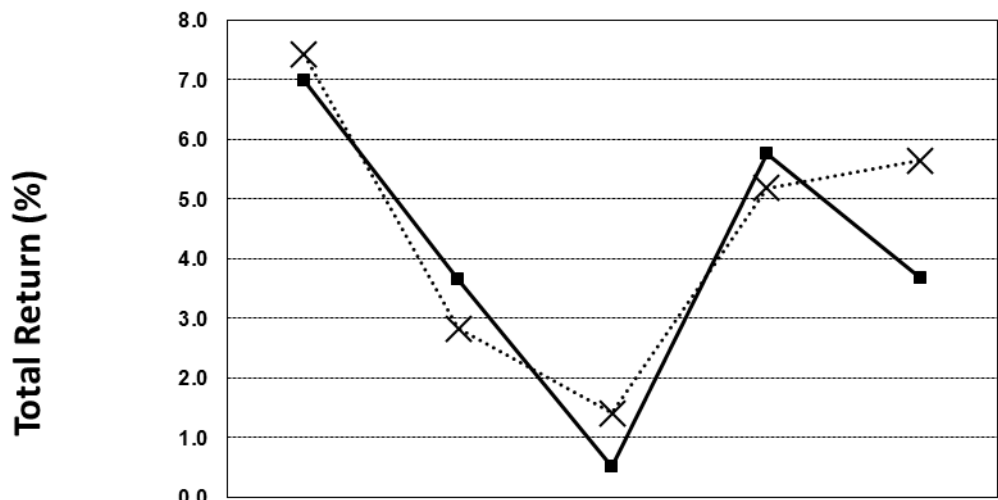
Fund Performance

For the financial period under review, the Fund registered a return of 0.65% comprising of negative 0.36% capital and 1.01% income distributions.

Thus, the Fund’s return of 0.65% has underperformed the benchmark’s return of 0.72% by 0.07%.

As compared with the financial period ended 31 July 2024, the net asset value (“NAV”) per unit of the Fund decreased by 0.34% from RM1.0403 to RM1.0368, while units in circulation increased by 1.70% from 606,231,929 units to 616,560,427 units.

The following line chart shows comparison between the annual performances of AmBond Select 2 and its benchmark 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 October 2024 and 31 July 2024.

	As at 31.10.2024 %	As at 31.07.2024 %	Changes %
Corporate bonds	90.62	98.79	-8.17
Money market deposits and cash equivalents	9.38	1.21	8.17
Total	100.00	100.00	

As at 31 October 2024, the Fund had 90.62% of its NAV invested in corporate bonds, with the remaining 9.38% in money market deposits and cash equivalents.

Cross Trades

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)
	30-Aug-24	0.36	1.0443	1.0407
	30-Sep-24	0.33	1.0445	1.0412
	30-Oct-24	0.36	1.0402	1.0366
	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	During the period under review, Malaysia bond market experienced a volatile period driven by profit taking activities given rich valuation of government bond coupled with absence of local catalyst. Sentiment on the local bond market was generally influenced by the sell-off in United States Treasury (UST) amid uncertainties surrounding United States (US) presidential election and prospect of slower rate cut by US Federal Reserve (Fed). During the corresponding period, US Fed announced a 50bps cut (first reduction since March 2020) to its benchmark interest rate. Meanwhile Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 3.00% as widely expected considering the current OPR level “remains supportive of the economy and is consistent with the current assessment of inflation and growth prospects”. Overall, Malaysian Government Securities (MGS) curve bear-flattened during the period with yields rose 4-24bps.			
Market Outlook	With Bank Negara Malaysia (BNM) expected to maintain the Overnight Policy Rate (OPR) at 3.0% throughout next year and inflation pressures remaining benign, we anticipate the bond market to stay resilient. Ample liquidity and strong demand will support this outlook. However, low yields and narrow credit spreads are likely to limit upside potential. The key risk into early 2025 is the uncertainty over the impending the extend of policy changes from the incoming Trump 2.0 administration.			

Kuala Lumpur, Malaysia
AmFunds Management Berhad

16 December 2024

AmBond Select 2

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2024

	31.10.2024 (unaudited) RM	30.04.2024 (audited) RM
ASSETS		
Investments	579,262,638	501,555,846
Interest receivables	80,221	163,269
Amount due from brokers	25,269,534	5,105,171
Cash at banks	36,989,416	74,154,108
TOTAL ASSETS	<u>641,601,809</u>	<u>580,978,394</u>
LIABILITIES		
Amount due to Manager	122,537	110,356
Amount due to Trustee	21,707	18,921
Distribution payable	2,219,618	1,993,403
Sundry payables and accruals	14,091	10,428
TOTAL LIABILITIES	<u>2,377,953</u>	<u>2,133,108</u>
NET ASSET VALUE (“NAV”) OF THE FUND	<u>639,223,856</u>	<u>578,845,286</u>
EQUITY		
Unit holders’ capital	630,884,516	565,372,178
Retained earnings	8,339,340	13,473,108
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	<u>639,223,856</u>	<u>578,845,286</u>
UNITS IN CIRCULATION	<u>616,560,427</u>	<u>553,722,991</u>
NAV PER UNIT (RM)	<u>1.0368</u>	<u>1.0454</u>

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

	Note	01.08.2024 to 31.10.2024 RM	01.08.2023 to 31.10.2023 RM
INVESTMENT INCOME			
Interest income		6,869,893	5,892,279
Net losses from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	1	<u>(2,278,617)</u>	<u>(2,742,850)</u>
		<u>4,591,276</u>	<u>3,149,429</u>
EXPENDITURE			
Manager’s fee		(320,309)	(278,177)
Trustee’s fee		(64,062)	(55,635)
Audit fee		(1,261)	(1,257)
Tax agent’s fee		(832)	(830)
Other expenses		<u>(104)</u>	<u>(1,060)</u>
		<u>(386,568)</u>	<u>(336,959)</u>
Net income before taxation		4,204,708	2,812,470
Taxation		<u>-</u>	<u>-</u>
Net income after taxation, representing total comprehensive income for the financial period		<u>4,204,708</u>	<u>2,812,470</u>
Total comprehensive income comprises the following:			
Realised income		6,478,618	5,245,605
Unrealised losses		<u>(2,273,910)</u>	<u>(2,433,135)</u>
		<u>4,204,708</u>	<u>2,812,470</u>
Distributions for the financial period			
Net distributions	2	<u>6,422,338</u>	<u>6,194,588</u>
Gross distributions per unit (sen)	2	<u>1.05</u>	<u>1.16</u>
Net distributions per unit (sen)	2	<u>1.05</u>	<u>1.16</u>

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

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

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 August 2024		620,120,134	10,556,970	630,677,104
Total comprehensive income for the financial period		-	4,204,708	4,204,708
Creation of units		9,625,000	-	9,625,000
Reinvestment of distributions		1,139,382	-	1,139,382
Distributions	2	-	(6,422,338)	(6,422,338)
Balance at 31 October 2024		<u>630,884,516</u>	<u>8,339,340</u>	<u>639,223,856</u>
At 1 August 2023		543,771,840	7,707,647	551,479,487
Total comprehensive income for the financial period		-	2,812,470	2,812,470
Creation of units		925,000	-	925,000
Reinvestment of distributions		792,631	-	792,631
Distributions	2	-	(6,194,588)	(6,194,588)
Balance at 31 October 2023		<u>545,489,471</u>	<u>4,325,529</u>	<u>549,815,000</u>

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

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

	01.08.2024 to 31.10.2024 RM	01.08.2023 to 31.10.2023 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	37,296,466	54,918,000
Purchases of investments	(20,151,000)	(57,133,500)
Interest received	5,920,948	6,710,696
Manager's fee paid	(318,781)	(274,963)
Trustee's fee paid	(63,792)	(55,609)
Payments for other expenses	4,950	(6,061)
Net cash generated from operating and investing activities	<u>22,688,791</u>	<u>4,158,563</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	9,625,000	925,000
Distributions paid	(5,488,267)	(4,646,619)
Net cash generated from/(used in) financing activities	<u>4,136,733</u>	<u>(3,721,619)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,825,524	436,944
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>10,163,892</u>	<u>77,355,832</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>36,989,416</u>	<u>77,792,776</u>
Cash and cash equivalents comprise:		
Cash at banks	<u>36,989,416</u>	<u>77,792,776</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2024 TO 31 OCTOBER 2024

1. NET LOSSES FROM INVESTMENTS

	01.08.2024 to 31.10.2024 RM	01.08.2023 to 31.10.2023 RM
Net losses on financial assets at FVTPL comprised:		
– Net realised losses on sale of investments	(4,707)	(309,715)
– Net unrealised losses on changes in fair value of investments	(2,273,910)	(2,433,135)
	<u>(2,278,617)</u>	<u>(2,742,850)</u>

2. DISTRIBUTIONS

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

	01.08.2024 to 31.10.2024 RM	01.08.2023 to 31.10.2023 RM
Gross distributions per unit (sen)	<u>1.05</u>	<u>1.16</u>
Net distributions per unit (sen)	<u>1.05</u>	<u>1.16</u>

Financial period ended 31 October 2024

Distributions Ex-date	Gross distributions per unit RM (sen)	Net distributions per unit RM (sen)	Total distributions RM
30 August 2024	0.36	0.36	2,183,857
30 September 2024	0.33	0.33	2,018,864
30 October 2024	0.36	0.36	2,219,617
	<u>1.05</u>	<u>1.05</u>	<u>6,422,338</u>

Financial period ended 31 October 2023

Distributions Ex-date	Gross distributions per unit RM (sen)	Net distributions per unit RM (sen)	Total distributions RM
30 August 2023	0.23	0.23	1,226,634
29 September 2023	0.38	0.38	2,027,267
31 October 2023	0.55	0.55	2,940,687
	<u>1.16</u>	<u>1.16</u>	<u>6,194,588</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2024 TO 31 OCTOBER 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.

The distributions declared for the financial period ended 31 October 2024 were proposed before taking into account the net unrealised loss of RM2,273,910 (01.08.2023 to 31.10.2023: RM2,433,135) arising during the financial period which is carried forward to the next financial period.

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

DIRECTORY

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*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.)*

