

Semi-Annual Report for

AmBond

30 September 2023



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
Tai Terk Lin
Ng Chih Kaye
Jas Bir Kaur A/P Lol Singh
Goh Wee Peng

Investment Committee

Jas Bir Kaur A/P Lol Singh
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

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MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the unaudited accounts of AmBond ("Fund") for the financial period from 1 April 2023 to 30 September 2023.

Salient Information of the Fund

Name	AmBond ("Fund")
Category/ Type	Bond / Income
Objective	AmBond is a medium to long-term bond fund that aims to provide you with a stream of income*. <i>Note:</i> <i>* The Income 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>
Duration	The Fund was established on 20 January 2000 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	BPAM Corporates All Bond Index ("BPAM Corps All Bond Index") (Available at www.aminvest.com) <i>Note: The risk profile of the Fund may not be the same as the risk profile of the performance benchmark.</i>
Income Distribution Policy	Income distribution (if any) is paid at least twice every year.

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 30 September 2023 and for the past three financial years are as follows:				
		As at 30.09.2023 %	As at 31 March		
			2023 %	2022 %	2021 %
	Corporate bonds	67.67	91.93	91.20	85.37
	Malaysia government bonds	18.07	-	-	-
	Money market deposits and cash equivalents	14.26	8.07	8.80	14.63
	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 30 September 2023 and three financial years ended 31 March are as follows:

	FPE 30.09.2023	FYE 2023	FYE 2022	FYE 2021
Net asset value (RM)*	434,745,822	320,609,141	413,678,744	793,315,635
Units in circulation*	328,170,182	248,284,889	325,333,139	618,859,218
Net asset value per unit (RM)*	1.3248	1.2913	1.2716	1.2819
Highest net asset value per unit (RM)*	1.3320	1.3060	1.3152	1.3623
Lowest net asset value per unit (RM)*	1.2917	1.2415	1.2701	1.2730
Benchmark performance (%)	3.07	4.30	2.99	3.80
Total return (%) ⁽¹⁾	2.97	4.17	1.52	3.18
- Capital growth (%)	2.58	1.59	-0.82	0.78
- Income distributions (%)	0.39	2.58	2.34	2.40
Gross distributions (sen per unit)	0.50	3.28	3.00	3.05
Net distributions (sen per unit)	0.50	3.28	3.00	3.05
Total expense ratio (%) ⁽²⁾	0.52	1.05	1.04	1.04
Portfolio turnover ratio (times) ⁽³⁾	0.47	0.49	0.63	0.77

* Above prices and net asset value per unit are shown as ex-distribution.

Note:

- (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.
- (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.
- (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 30 September 2023)

	AmBond^(a) %	MMGS/ All MGS/ BPAM Corps All Bond Index^{**^(b)} %
One year	7.77	8.01
Three years	1.75	2.54
Five years	4.35	4.78
Ten years	4.03	4.69

Annual Total Return

Financial Years Ended (31 March)	AmBond^(a) %	MMGS/ All MGS/ BPAM Corps All Bond Index^{** (b)} %
2023	4.17	4.30
2022	1.52	2.99
2021	3.18	3.80
2020	5.71	6.09
2019	6.51	6.67

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

(b) BPAM Corporates All Bond Index ("BPAM Corps All Bond Index")
(Available at www.aminvest.com)

** Benchmark – from 20 January 2000 until 4 July 2013 – Medium Malaysian Government Securities Index ("MMGS")
– from 5 July 2013 until 30 September 2016 – Quantshop All Malaysian Government Securities (MGS) Index ("All MGS")
– from 1 October 2016 onwards – BPAM Corporates All Bond Index ("BPAM Corps All Bond Index")
(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 year 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.

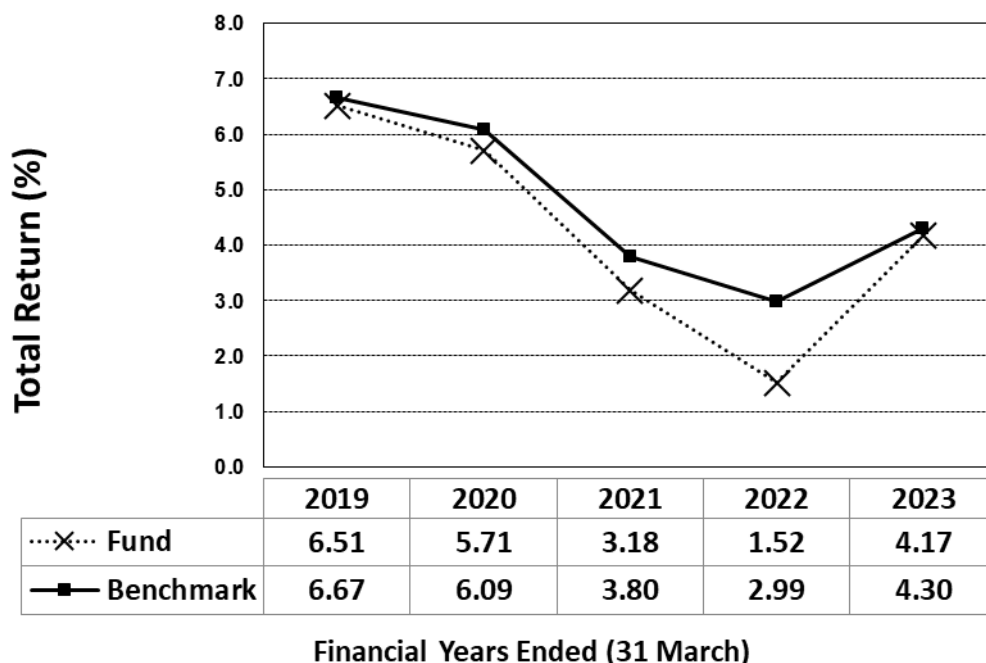
Fund Performance

For the financial period under review, the Fund registered a return of 2.97% comprising of 2.58% capital growth and 0.39% income distribution.

Thus, the Fund's return of 2.97% has underperformed the benchmark's return of 3.07% by 0.10%.

As compared with the financial year ended 31 March 2023, the net asset value ("NAV") per unit of the Fund increased by 2.59% from RM1.2913 to RM1.3248, while units in circulation increased by 32.17% from 248,284,889 units to 328,170,182 units.

The following line chart shows comparison between the annual performances of AmBond and its benchmark, MMGS/All MGS/ BPAM Corps All Bond Index, for the financial years ended 31 March.



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 year under review, the Fund invested primarily in bonds with the minimum short-term credit rating of P2 and long-term credit rating of BBB3 by RAM or its equivalent as rated by a local or global rating agency.

Portfolio Structure

The table below is the asset allocation of the Fund as at 30 September 2023 and 31 March 2023.

	As at 30.09.2023 %	As at 31.03.2023 %	Changes %
Corporate bonds	67.67	91.93	-24.26
Malaysia government bonds	18.07	-	18.07
Money market deposits and cash equivalents	14.26	8.07	6.19
Total	100.00	100.00	

For the financial period under review, exposure to corporate bonds has decreased from 91.93% to 67.67% of its NAV, 18.07% in malaysia government bonds and while holdings in money markets deposits and equivalents increased from 8.07% to 14.26% of its NAV.

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 period under review.

Distribution/ Unit Splits	<p>During the financial period under review, the Fund declared income distribution, detailed as follows:</p> <table border="1" data-bbox="359 219 1455 353"> <thead> <tr> <th data-bbox="359 219 577 315">Date of distribution</th> <th data-bbox="577 219 874 315">Distribution per unit RM (sen)</th> <th data-bbox="874 219 1177 315">NAV per unit Cum-Distribution (RM)</th> <th data-bbox="1177 219 1455 315">NAV per unit Ex-Distribution (RM)</th> </tr> </thead> <tbody> <tr> <td data-bbox="359 315 577 353">22-Sep-23</td> <td data-bbox="577 315 874 353">0.50</td> <td data-bbox="874 315 1177 353">1.3285</td> <td data-bbox="1177 315 1455 353">1.3235</td> </tr> </tbody> </table> <p>There is no unit split declared for the financial period under review.</p>	Date of distribution	Distribution per unit RM (sen)	NAV per unit Cum-Distribution (RM)	NAV per unit Ex-Distribution (RM)	22-Sep-23	0.50	1.3285	1.3235
Date of distribution	Distribution per unit RM (sen)	NAV per unit Cum-Distribution (RM)	NAV per unit Ex-Distribution (RM)						
22-Sep-23	0.50	1.3285	1.3235						
State of Affairs	<p>There has been neither significant change 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.</p>								
Rebates and Soft Commission	<p>During the period, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.</p>								
Market Review	<p>Going into 2Q2023, global capital markets were concerned with the failure of some United States (US) Regional Banks as deposit withdrawals have caused these banks to face liquidity issues. Fixed income markets around the world were expecting this event to eventually lead to a US recession but that expectation was short-lived. The bank run events were quickly contained by the Federal Reserve as the Central Bank deployed new toolkit, known as Bank Term Funding Program (BTFP) to assist trouble banks to tap on the facility. Macro-economic data in the US continue to stay warm and Federal Reserve continued to raise rate. Back home in Malaysia, Bank Negara Malaysia (BNM) also did a surprise rate hike in May-2023 meeting and brought the Overnight Policy Rate (OPR) to 3.00%, from 2.75% as at end 2022. Overall, the domestic market saw short-term yields rose higher, but long-term yields lower, exhibiting a flattened curve.</p> <p>Come 3Q2023, The United States Treasury (UST) department surprised the market with relatively high amount of long maturity Treasury bond issuance. As US passed a bill to remove debt ceiling to 2025, and the fiscal spending is still targeting at USD1.6tn a year, the long maturity bond supply steepened the long-end UST curve, dis-inverting the shape of the curve. Fixed income markets around the world also face steepening pressure, as bid for long duration assets is absence. Despite Bank BNM held OPR unchanged in 3Q2023, MGS curve steepened around 25 - 35bps compared to end of 2Q2023. Nevertheless, Malaysian government securities (MGS) / Malaysian Government Investment Issue (MGII) yields still trade lower compared to beginning of the year. As at September 2023, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS were traded at 3.61%, 3.77%, 3.92%, 3.98%, 4.18%, 4.31% and 4.43% respectively.</p>								
Market Outlook	<p>Going in 4Q2023, fixed income markets still face the challenge of United States (US) Federal Reserve keeping interest rate high for long. US Gross Domestic Product (GDP) rebounded in 3Q2023 to 4.9% YoY, drastically removed the odds of US recession in the near term. As jobless claims stayed circular low and disinflation rate started to slow due to higher commodity prices, investors have gradually repriced the odds and magnitude of 2024 rate cuts lower (from 4 cuts to 2 cuts, consistent with Federal Reserve's September 2023 forecast). This creates a headwind to Emerging Market rates as foreign demand for local currency bonds will continue to reduce. As such, economies with low domestic savings will find it hard to finance the government deficit which is a key driver to growth absence of China's demand (China is facing growth issues too). However, Malaysia is likely to fare better as Bank Negara Malaysia (BNM) is ready to provide more liquidity to the market in case of market volatility. As such, we are turning more positive in the domestic bond market (having turned defensive since the beginning of 2H2023).</p>								

	<p>and will gradually take on duration exposure towards the year end. This move is expected to be tactical as we continue to assess the global and domestic economies.</p>
<p>Additional Information</p>	<p>The following information was updated:</p> <ol style="list-style-type: none"> 1) En Izad Shahadi Bin Mohd Sallehuddin, an Independent Non-Executive Director of AmIslamic Funds Management Sdn Bhd ('AIFM'), has resigned from the Investment Committee with effect from 30 June 2023. 2) Ms Tracy Chen Wee Keng, the Chief Executive Officer of AmInvestment Bank Berhad has been appointed as Member of the Investment Committee with effect from 30 June 2023. 3) Pn Azian Binti Kassim has been appointed as an Independent Non-Executive Director of AIFM and a member of the Fund Management Division's Audit and Risk Management Committee with effect 30 June 2023. 4) The Tenth Supplementary Master Prospectus dated 31 August 2023 has been registered with the Securities Commission Malaysia. The issuance of the Tenth Supplementary Master Prospectus is to be in line with the revised Guidelines on Unit Trust Funds and the Prospectus Guidelines for Collective Investment Schemes. Notice of the changes for the Tenth Supplementary Master Prospectus dated 31 August 2023 has been published on our website at www.aminvest.com and sent to the Unit Holders on 16 August 2023.

Kuala Lumpur, Malaysia
AmFunds Management Berhad

20 November 2023

AmBond

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	Note	30.09.2023 (unaudited) RM	31.03.2023 (audited) RM
ASSETS			
Investments	4	372,771,452	294,735,941
Amount due from brokers	5	-	26,331,151
Amount due from Manager	6(a)	6,727,713	1,218,014
Interest receivables		227,392	69,323
Cash at banks		55,470,680	24,514,742
TOTAL ASSETS		<u>435,197,237</u>	<u>346,869,171</u>
LIABILITIES			
Amount due to Manager	6(b)	382,173	26,076,342
Amount due to Trustee	7	13,949	11,590
Distribution payable		37,686	143,736
Sundry payables and accruals		17,607	28,362
TOTAL LIABILITIES		<u>451,415</u>	<u>26,260,030</u>
NET ASSET VALUE (“NAV”) OF THE FUND		<u>434,745,822</u>	<u>320,609,141</u>
EQUITY			
Unit holders’ capital	9(a)	419,042,404	313,536,295
Retained earnings	9(b)(c)	15,703,418	7,072,846
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	9	<u>434,745,822</u>	<u>320,609,141</u>
UNITS IN CIRCULATION	9(a)	<u>328,170,182</u>	<u>248,284,889</u>
NAV PER UNIT (RM) – EX-DISTRIBUTION		<u>1.3248</u>	<u>1.2913</u>

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

AmBond**STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

		01.04.2023 to 30.09.2023	01.04.2022 to 30.09.2022
	Note	RM	RM
INVESTMENT INCOME/(LOSS)			
Interest income		7,785,848	7,885,533
Net gain/(loss) from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	<u>4,357,497</u>	<u>(8,162,493)</u>
		<u>12,143,345</u>	<u>(276,960)</u>
EXPENDITURE			
Management fee	6	(1,819,290)	(1,884,531)
Trustee’s fee	7	(72,771)	(75,381)
Audit fee		(5,500)	(5,519)
Tax agent’s fees		(2,050)	(2,055)
Other expenses		<u>(3,660)</u>	<u>(2,489)</u>
		<u>(1,903,271)</u>	<u>(1,969,975)</u>
Net income/(loss) before taxation		10,240,074	(2,246,935)
Taxation	11	-	-
Net income/(loss) after taxation, representing total comprehensive income/(loss) for the financial period		<u>10,240,074</u>	<u>(2,246,935)</u>
Total comprehensive income/(loss) comprises the following:			
Realised income		6,839,689	6,302,066
Unrealised gain/(loss)		<u>3,400,385</u>	<u>(8,549,001)</u>
		<u>10,240,074</u>	<u>(2,246,935)</u>
Distribution for the financial period			
Net distribution	12	<u>1,609,502</u>	<u>3,894,408</u>
Gross distribution per unit (sen)	12	<u>0.50</u>	<u>1.39</u>
Net distribution per unit (sen)	12	<u>0.50</u>	<u>1.39</u>

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

AmBond**STATEMENT OF CHANGES IN EQUITY (Unaudited)
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

	Note	Unit holders' capital RM	Retained earnings/ (Accumulated losses) RM	Total equity RM
At 1 April 2023		313,536,295	7,072,846	320,609,141
Total comprehensive income for the financial period		-	10,240,074	10,240,074
Creation of units	9(a)	198,808,914	-	198,808,914
Reinvestment of distribution	9(a),12	1,571,816	-	1,571,816
Cancellation of units	9(a)	(94,874,621)	-	(94,874,621)
Distribution	12	-	(1,609,502)	(1,609,502)
Balance at 30 September 2023		<u>419,042,404</u>	<u>15,703,418</u>	<u>434,745,822</u>
At 1 April 2022		410,925,054	2,753,690	413,678,744
Total comprehensive loss for the financial period		-	(2,246,935)	(2,246,935)
Creation of units		77,358,805	-	77,358,805
Reinvestment of distribution		3,788,911	-	3,788,911
Cancellation of units		(137,035,450)	-	(137,035,450)
Distribution		-	(3,894,408)	(3,894,408)
Balance at 30 September 2022		<u>355,037,320</u>	<u>(3,387,653)</u>	<u>351,649,667</u>

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

AmBond**STATEMENT OF CASH FLOWS (Unaudited)
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

	01.04.2023 to 30.09.2023 RM	01.04.2022 to 30.09.2022 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	157,798,311	89,088,305
Purchase of investments	(204,906,960)	(55,697,284)
Interest received	7,389,564	8,623,643
Management fee paid	(1,763,892)	(1,960,013)
Trustee's fee paid	(70,413)	(78,027)
Tax agent's fee paid	-	(4,100)
Payments for other expenses	(21,963)	(2,002)
Net cash (used in)/generated from operating and investing activities	<u>(41,575,353)</u>	<u>39,970,522</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	193,299,215	77,358,805
Payments for cancellation of units	(120,624,188)	(139,490,693)
Distribution paid	(143,736)	(107,828)
Net cash generated from/(used in) financing activities	<u>72,531,291</u>	<u>(62,239,716)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	30,955,938	(22,269,194)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>24,514,742</u>	<u>34,222,942</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>55,470,680</u>	<u>11,953,748</u>
Cash and cash equivalents comprise:		
Cash at banks	<u>55,470,680</u>	<u>11,953,748</u>

AmBond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023

1. GENERAL INFORMATION

AmBond (“the Fund”) was established pursuant to a Deed dated 17 January 2000 as amended by Deeds supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, HSBC (Malaysia) Trustee Berhad as the Trustee and all unit holders.

The Fund was set up with the objective of providing investors with a consistent stream of income return. As provided in the Deed, the financial year shall end on 31 March and the units in the Fund were first offered for sale on 20 January 2000.

The financial statements were authorised for issue by the Manager on 20 November 2023.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared on a historical cost basis, except as otherwise stated in the accounting policies and comply with 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 period

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

Description	Effective for financial periods beginning on or after
MFRS 17 Insurance Contracts and Amendments to MFRS 17*	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contracts)*	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements: <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 Accounting policies, Changes in Accounting <i>Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 Income Taxes: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

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

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.

Description	Effective for financial periods beginning on or after
Amendments to MFRS 16 Leases: <i>Lease Liability in a Sale and Leaseback*</i>	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 <i>Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024
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) Interest income

For all interest-bearing financial assets, interest income is calculated using the effective interest method. Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

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

3.1 Income recognition (cont'd.)

(ii) Gain or loss on disposal of investments

On disposal of investments, the net realised gain or loss on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the investments. The net realised gain or loss is recognised in profit or loss.

3.2 Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

3.3 Functional and presentation currency

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

3.4 Statement of cash flows

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

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

3.5 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 investments after deducting expenses and taxation. A proposed distribution is recognised as a liability in the period in which it is approved. Distribution is either reinvested or paid in cash to the unit holders on the 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

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

3.6 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").

3.7 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.

3.8 Financial assets – classification and subsequent measurement

The classification and subsequent measurement of debt instruments held by the Fund are determined based on their business model and cash flow characteristics.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

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

3.8 Financial assets – classification and subsequent measurement (cont'd.)

Business model

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

Cash flow characteristics

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

3.9 Financial assets under MFRS 9

Classification and measurement

The classification of financial assets depends on the Fund's business model of managing the financial assets in order to generate cash flows ("business model test") and the contractual cash flow characteristics of the financial instruments ("SPPI test"). The business model test determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both and the assessment is performed on a portfolio basis. The SPPI test determines whether the contractual cash flows are solely for payments of principal and interest and the assessment is performed on a financial instrument basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

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

3.9 Financial assets under MFRS 9 (cont'd.)

Classification and measurement (cont'd.)

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

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 interest on the outstanding principal.

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

Financial assets at FVTPL

Any financial assets that are not measured at amortised cost or FVOCI are measured at FVTPL. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in "Net gain or loss on financial assets at FVTPL". Interest earned element of such instrument is recorded in "Interest income".

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

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

3.10 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 interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

3.11 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.

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

(ii) Derecognition of financial liability

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

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

3.12 Financial instruments – expected credit losses (“ECL”) (cont'd.)

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.

3.13 Determination of fair value

For investments in fixed income securities, nominal value is the face value of the securities and fair value is determined based on the indicative prices from Bond Pricing Agency Malaysia Sdn Bhd plus accrued interest, which includes the accretion of discount and amortisation of premium. Adjusted cost of investments relates to the purchased cost plus accrued interest, adjusted for amortisation of premium and accretion of discount, if any, calculated over the period from the date of acquisition to the date of maturity of the respective securities as approved by the Manager and the Trustee. The difference between adjusted cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gains or losses recognised in profit or loss are not distributable in nature.

3.14 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.

3.15 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

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

3.15 Significant accounting estimates and judgments (cont'd.)

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

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

4. INVESTMENTS

	30.09.2023	31.03.2023
	RM	RM
Financial assets at FVTPL		
At nominal value:		
Corporate bonds	283,700,000	287,000,000
Government Investment Issue	5,000,000	-
Malaysian Government Securities	70,750,000	-
	<u>359,450,000</u>	<u>287,000,000</u>
At fair value:		
Corporate bonds	294,201,050	294,735,941
Government Investment Issue	5,070,556	-
Malaysian Government Securities	73,499,846	-
	<u>372,771,452</u>	<u>294,735,941</u>

Details of investments as at 30 September 2023 are as follows:

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Corporate bonds					
11.10.2024	Edra Solar Sdn. Bhd.	100,000	102,306	102,014	0.02

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

4. INVESTMENTS (CONT'D.)

Details of investments as at 30 September 2023 are as follows: (cont'd.)

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Corporate bonds (cont'd.)					
27.02.2025	TG Excellence Berhad	250,000	246,800	253,819	0.06
24.03.2026	Sime Darby Berhad	10,000,000	10,360,388	10,320,654	2.38
25.05.2026	RHB Bank Berhad	5,000,000	5,062,501	5,069,801	1.16
26.06.2026	7-Eleven Malaysia Holdings Berhad	20,000,000	20,090,994	20,236,952	4.62
13.07.2026	CIMB Thai Bank Public Company Limited	15,000,000	14,928,372	15,129,822	3.43
28.08.2026	MTT Shipping Sdn. Bhd.	2,500,000	2,526,519	2,511,419	0.58
21.12.2026	MBSB Bank Berhad	15,250,000	15,738,535	15,550,125	3.62
05.01.2027	EDRA Energy Sdn. Bhd.	5,000,000	5,334,944	5,296,992	1.23
19.03.2027	IJM Land Berhad	5,000,000	5,112,969	5,009,419	1.18
25.03.2027	Genting RMTN Berhad	5,000,000	5,048,516	5,020,788	1.16
16.11.2027	Dialog Group Berhad	15,000,000	14,820,756	15,235,356	3.41
03.12.2027	Sime Darby Property Berhad	10,000,000	9,866,427	10,109,627	2.27
09.12.2027	First Abu Dhabi Bank P.J.S.C.	10,000,000	10,370,252	10,229,608	2.39

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

4. INVESTMENTS (CONT'D.)

Details of investments as at 30 September 2023 are as follows: (cont'd.)

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Corporate bonds (cont'd.)					
10.02.2028	AEON Credit Service (M) Berhad	5,000,000	4,922,425	5,061,383	1.13
20.04.2028	UMW Holdings Berhad	37,000,000	40,751,856	40,877,609	9.37
03.05.2028	UDA Holdings Berhad	1,400,000	1,441,269	1,431,866	0.33
05.05.2028	GENM Capital Berhad	3,300,000	3,369,883	3,368,299	0.78
23.06.2028	SP Setia Berhad	10,000,000	10,143,374	10,234,281	2.33
13.10.2028	Amanat Lebuhraya Rakyat Berhad	1,500,000	1,580,438	1,534,223	0.36
16.03.2029	Tanjung Bin Energy Sdn. Bhd.	5,000,000	5,143,357	5,655,040	1.18
29.06.2029	PONSB Capital Berhad	2,500,000	2,666,324	2,533,824	0.61
30.11.2029	MMC Corporation Berhad	5,000,000	5,303,576	5,104,360	1.22
12.12.2029	DRB-HICOM Berhad	7,400,000	7,412,725	7,567,633	1.71
28.06.2030	Gamuda Berhad	2,000,000	2,006,493	2,027,120	0.46
05.07.2030	Johor Corporation	4,000,000	4,114,147	4,042,427	0.95
17.06.2033	Hong Leong Bank Berhad	5,000,000	5,040,986	5,059,836	1.16

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

4. INVESTMENTS (CONT'D.)

Details of investments as at 30 September 2023 are as follows: (cont'd.)

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Corporate bonds (cont'd.)					
23.06.2034	YTL Corporation Berhad	35,000,000	35,702,963	35,646,685	8.21
10.07.2035	Prasarana Malaysia Berhad	5,000,000	4,768,177	5,216,238	1.10
11.11.2036	YTL Corporation Berhad	10,000,000	10,759,367	10,269,510	2.48
12.01.2037	Projek Lebuhraya Usahasama Berhad	5,000,000	5,736,101	5,479,957	1.32
02.06.2037	TNB Power Generation Sdn. Bhd.	1,500,000	1,635,392	1,525,112	0.38
30.06.2037	Tenaga Nasional Berhad	5,000,000	5,505,429	5,066,629	1.27
02.06.2042	TNB Power Generation Sdn. Bhd.	2,000,000	2,223,737	2,034,477	0.51
30.06.2042	Tenaga Nasional Berhad	10,000,000	11,187,470	10,912,868	2.57
06.10.2042	Solarpack Suria Sungai Petani Sdn. Bhd.	3,000,000	3,175,282	3,112,039	0.73
Total corporate bonds		283,700,000	294,201,050	293,837,812	67.67
Government Investment Issue					
30.09.2026	Government of Malaysia	5,000,000	5,070,556	5,084,306	1.17
Total Government Investment Issue		5,000,000	5,070,556	5,084,306	1.17

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

4. INVESTMENTS (CONT'D.)

Details of investments as at 30 September 2023 are as follows: (cont'd.)

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Malaysian Government Securities					
15.07.2026	Government of Malaysia	30,000,000	30,511,771	30,567,597	7.02
31.07.2028	Government of Malaysia	10,000,000	9,976,635	10,025,743	2.29
07.11.2033	Government of Malaysia	30,750,000	33,011,440	33,323,963	7.59
Total Malaysian Government Securities		70,750,000	73,499,846	73,917,303	16.90
Total financial assets at FVTPL		359,450,000	372,771,452	372,839,421	85.74
Shortfall of fair value over adjusted cost			(67,969)		

5. AMOUNT DUE FROM BROKERS

Amount due from brokers arose from the sale of investments. The settlement period is within two business days from the transaction date.

6. AMOUNT DUE FROM/TO MANAGER

	Note	30.09.2023 RM	31.03.2023 RM
(a) Due from Manager			
Creation of units	(i)	6,727,713	1,218,014
(b) Due to Manager			
Redemption of units	(ii)	-	25,749,567
Manager's fee payable	(iii)	382,173	326,775
		382,173	26,076,342

(i) This represents amount receivable from the Manager for units created.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

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

(ii) This represents amount payable to the Manager for units redeemed.

The normal credit period in the previous financial year and current financial period for creation and redemption of units are three business days.

(iii) Management fee is at a rate of 1.00% (2022: 1.00%) per annum on the NAV of the Fund, calculated on a daily basis.

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

7. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.04% (2022: 0.04%) per annum on the NAV of the Fund, calculated on a daily basis.

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

8. NET GAIN/(LOSS) FROM INVESTMENTS

	01.04.2023 to 30.09.2023 RM	01.04.2022 to 30.09.2022 RM
Net gain/(loss) on financial assets at FVTPL comprised:		
– Net realised gains on sale of investments	957,112	386,508
– Net unrealised gain/(loss) on changes in fair value of investments	3,400,385	(8,549,001)
	<u>4,357,497</u>	<u>(8,162,493)</u>

9. TOTAL EQUITY

Total equity is represented by:

	Note	30.09.2023 RM	31.03.2023 RM
Unit holders' capital	(a)	419,042,404	313,536,295
Retained earnings			
– Realised income	(b)	15,771,387	10,541,200
– Unrealised losses	(c)	(67,969)	(3,468,354)
		<u>434,745,822</u>	<u>320,609,141</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

9. TOTAL EQUITY (CONT'D.)

(a) Unit holders' capital/units in circulation

	30.09.2023		31.03.2023	
	Number of units	RM	Number of units	RM
At beginning of the financial period/year	248,284,889	313,536,295	325,333,139	410,925,054
Creation during the financial period/year	151,033,100	198,808,914	108,353,880	138,701,451
Reinvestment of distribution	1,187,621	1,571,816	6,748,627	8,626,694
Cancellation during the financial period/year	(72,335,428)	(94,874,621)	(192,150,757)	(244,716,904)
At end of the financial period/year	<u>328,170,182</u>	<u>419,042,404</u>	<u>248,284,889</u>	<u>313,536,295</u>

(b) Realised – distributable

	30.09.2023 RM	31.03.2023 RM
At beginning of the financial period/year	10,541,200	10,232,482
Net realised income for the financial period/year	6,839,689	9,184,645
Distribution out of realised income	<u>(1,609,502)</u>	<u>(8,875,927)</u>
At end of the financial period/year	<u>15,771,387</u>	<u>10,541,200</u>

(c) Unrealised – non-distributable

	30.09.2023 RM	31.03.2023 RM
At beginning of the financial period/year	(3,468,354)	(7,478,792)
Net unrealised gains for the financial period/year	<u>3,400,385</u>	<u>4,010,438</u>
At end of the financial period/year	<u>(67,969)</u>	<u>(3,468,354)</u>

10. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

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

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

AmBond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023

10. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES (CONT'D.)

There are no units held by the Manager or any related party as at 30 September 2023 and 31 March 2023.

Other than those disclosed elsewhere in the financial statements, the significant related party balances as at reporting date is as follows:

	30.09.2023	31.03.2023
	RM	RM
(i) Significant related party balances		
<u>AmBank (M) Berhad</u>		
Cash at banks	<u>55,470,680</u>	<u>24,514,742</u>

11. TAXATION

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

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

	01.04.2023 to	01.04.2022 to
	30.09.2023	30.09.2022
	RM	RM
Net income/(loss) before taxation	<u>10,240,074</u>	<u>(2,246,935)</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	2,457,618	(539,264)
Tax effects of:		
Income not subject to tax	(3,043,512)	(1,985,290)
Loss not allowed for tax deduction	129,109	2,051,760
Restriction on tax deductible expenses for unit trust fund	394,155	408,251
Non-permitted expenses for tax purposes	18,835	19,182
Permitted expenses not used and not available for future financial periods	<u>43,795</u>	<u>45,361</u>
Tax expense for the financial period	<u>-</u>	<u>-</u>

AmBond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023

12. DISTRIBUTION

Distribution to unit holders for the financial periods are from the following sources:

	01.04.2023 to 30.09.2023	01.04.2022 to 30.09.2022
	RM	RM
Interest income	3,151,575	5,583,179
Net realised gain on sale of investments	361,198	281,204
	<u>3,512,773</u>	<u>5,864,383</u>
Less: Expenses	(1,903,271)	(1,969,975)
Total amount of distribution	<u>1,609,502</u>	<u>3,894,408</u>
Gross distribution per unit (sen)	<u>0.50</u>	<u>1.39</u>
Net distribution per unit (sen)	<u>0.50</u>	<u>1.39</u>
Distribution made out of:		
- Realised income	<u>1,609,502</u>	<u>3,894,408</u>
Comprising:		
Reinvestment of distribution	1,571,816	3,788,911
Distribution payable	37,686	105,497
	<u>1,609,502</u>	<u>3,894,408</u>

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

Financial period ended 30 September 2023

Distribution Ex-date	Gross distribution per unit RM (sen)	Net distribution per unit RM (sen)	Total distribution RM
22 September 2023	<u>0.50</u>	<u>0.50</u>	<u>1,609,502</u>

Financial period ended 30 September 2022

Distribution Ex-date	Gross distribution per unit RM (sen)	Net distribution per unit RM (sen)	Total distribution RM
19 September 2022	<u>1.39</u>	<u>1.39</u>	<u>3,894,408</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

12. DISTRIBUTION (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 distribution for the financial period ended 30 September 2022 has been proposed before taking into account the net unrealised loss of RM8,549,001 arising during the financial period which is carried forward to the next financial period.

13. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	01.04.2023 to 30.09.2023 % p.a.	01.04.2022 to 30.09.2022 % p.a.
Manager’s fee	0.50	0.50
Trustee’s fee	0.02	0.02
Fund’s other expenses	_*	_*
Total TER	<u>0.52</u>	<u>0.52</u>

* represents less than 0.01%.

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

14. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investments to the average NAV of the Fund calculated on a daily basis, is 0.47 times (01 April 2022 to 30 September 2022: 0.19 times).

15. SEGMENTAL REPORTING

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

16. TRANSACTIONS WITH BROKERS

Details of transactions with brokers for the financial period ended 30 September 2023 are as follows:

Brokers	Transaction value	
	RM	%
AmBank (M) Berhad*	168,250,690	49.55
CIMB Bank Berhad	86,500,295	25.47
Standard Chartered Bank Malaysia Berhad	30,956,446	9.12
CIMB Islamic Bank Berhad	12,875,949	3.79
RHB Investment Bank Berhad	11,733,753	3.46
AmBank Islamic Berhad	10,273,178	3.03
Hong Leong Bank Berhad	8,299,046	2.44
United Overseas Bank (Malaysia) Bhd	5,660,288	1.67
Hong Leong Investment Bank Berhad	5,000,000	1.47
Total	<u>339,549,645</u>	<u>100.00</u>

* A financial institution related to the Manager.

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

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

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Risk management is carried out by closely monitoring, measuring and mitigating the above said risks, careful selection of investments coupled with stringent compliance to investments restrictions as stipulated by the Capital 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

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

(a) Market risk (cont'd.)

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

(i) Interest rate risk

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

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

(b) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. The Fund is exposed to the risk of bond issuers and financial institutions defaulting on their repayment obligations which in turn would affect the NAV of the Fund.

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

(d) Single issuer risk

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

(e) Regulatory risk

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023**

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

(f) Management risk

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

(g) Non-compliance risk

This is the risk of the Manager or the Trustee not complying with the respective internal policies, the 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.

AmBond

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 134: *Interim Financial Reporting* (“MFRS 134”) so as to give a true and fair view of the financial position of AmBond (“the Fund”) as at 30 September 2023 and the comprehensive income, the changes in equity and cash flows for the financial period then ended.

For and on behalf of the Manager

GOH WEE PENG

Executive Director

Kuala Lumpur, Malaysia

20 November 2023

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF AMBOND ("Fund")

We have acted as Trustee of the Fund for the financial period ended 30 September 2023 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 period covered by these financial statements in accordance with the following:

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

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

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
20 November 2023

DIRECTORY

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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.)*

