

Semi-Annual Report for

# AmDynamic Bond

31 January 2024



**AmInvest**

Growing Your Investments in a Changing World

## TRUST DIRECTORY

### **Manager**

AmFunds Management Berhad  
9<sup>th</sup> & 10<sup>th</sup> 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
- 7** Statement of Financial Position
- 8** Statement of Comprehensive Income
- 9** Statement of Changes in Equity
- 10** Statement of Cash Flows
- 11** Notes to the Financial Statements
- 34** Statement by the Manager
- 35** Trustee's Report
- 36** Directory

## Manager's Report

Dear Unitholders,

We are pleased to present you the Manager's report and the unaudited accounts of AmDynamic Bond ("Fund") for the financial period from 1 August 2023 to 31 January 2024.

### Salient Information of the Fund

<b>Name</b>	AmDynamic Bond ("Fund")
<b>Category/ Type</b>	Bond / Income
<b>Objective</b>	<p>AmDynamic Bond is a medium to long-term bond fund with potentially higher level of income* and risk.</p> <p><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></p>
<b>Duration</b>	The Fund was established on 16 September 2003 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.
<b>Performance Benchmark</b>	<p>BPAM Corporates All Bond Index (Available at <a href="http://www.aminvest.com">www.aminvest.com</a>)</p> <p><i>Note: The risk profile of the Fund may not be the same as the risk profile of the performance benchmark.</i></p>
<b>Income Distribution Policy</b>	<p>Subject to the availability of income, distribution will be made at least twice every year.</p> <p>At the Manager's discretion, the Fund may distribute from its gain, income and capital. The rationale for distribution out of capital is to allow the Fund the ability to (i) distribute income on a regular basis in accordance with the distribution policy of the Fund or (ii) increase the amount of distributable income to the unit holders, after taking into consideration the risk of distributing out of capital.</p> <p>Distribution out of the Fund's capital has the effect of lowering the NAV of the Fund, may reduce part of the unit holders' original investment and may also result in reduced future returns to unit holders. When a substantial amount of the original investment is being returned to the unit holders, it has a risk of eroding the capital of the Fund and may, over time, cause the NAV of the Fund to fall. The greater the risk of capital erosion that exists, the greater the likelihood that, due to capital erosion, the value of future returns would also be diminished.</p>

## Fund Performance Data

<b>Portfolio Composition</b>	Details of portfolio composition of the Fund as at 31 January 2024 and for the past three financial years are as follows:					
		<b>As at 31.01.2024 %</b>	<b>As at 31 July</b>			
			<b>2023 %</b>	<b>2022 %</b>	<b>2021 %</b>	
	Commercial papers	0.42	-	-	-	
	Local corporate bonds	87.71	85.55	84.87	86.01	
	Foreign corporate bonds	3.81	4.73	4.73	8.02	
	Foreign Government bonds	1.29	-	-	-	
	Forward contracts	-	0.04	-	-	
	Malaysian Government Securities	-	2.27	2.38	-	
	Money market deposits and cash equivalents	6.77	7.41	8.02	5.97	
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>		
	<i>Note: The abovementioned percentages are calculated based on total net asset value.</i>					
<b>Performance Details</b>	Performance details of the Fund for the financial period ended 31 January 2024 and three financial years ended 31 July are as follows:					
		<b>FPE 31.01.2024</b>	<b>FYE 2023</b>	<b>FYE 2022</b>	<b>FYE 2021</b>	
	Net asset value (RM)	94,252,002	95,175,079	94,102,452	122,966,351	
	Units in circulation	131,219,500	136,531,304	140,945,274	177,915,374	
	Net asset value per unit (RM)	0.7182	0.6971	0.6677	0.6912	
	Highest net asset value per unit (RM)	0.7204	0.7004	0.6941	0.7172	
	Lowest net asset value per unit (RM)	0.6970	0.6607	0.6629	0.6856	
	Benchmark performance (%)	3.12	6.71	0.30	0.67	
	Total return (%) <sup>(1)</sup>	3.52	6.34	0.08	0.71	
	- Capital growth (%)	3.03	4.45	-3.39	-2.78	
	- Income distribution (%)	0.49	1.89	3.47	3.49	
	Gross distribution (sen per unit)	0.3439	1.2725	2.4078	2.5105	
	Net distribution (sen per unit)	0.3400	1.2600	2.4000	2.4800	
	Total expense ratio (%) <sup>(2)</sup>	0.53	1.06	1.06	1.05	
	Portfolio turnover ratio (times) <sup>(3)</sup>	0.11	0.18	0.28	0.78	
		<i>Note:</i>				
		<i>(1) Total return is the actual return of the Fund for the respective financial</i>				

- period/years computed based on 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 31 January 2024)**

	AmDynamic Bond <sup>(a)</sup> %	BPAM Corps All Bond Index /AMGS <sup>** (b)</sup> %
One year	7.44	6.79
Three years	3.20	3.25
Five years	5.15	4.91
Ten years	5.25	4.99

**Annual Total Return**

Financial Years Ended (31 July)	AmDynamic Bond <sup>(a)</sup> %	BPAM Corps All Bond Index /AMGS <sup>** (b)</sup> %
2023	6.34	6.71
2022	0.08	0.30
2021	0.71	0.67
2020	7.35	8.35
2019	11.81	9.21

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

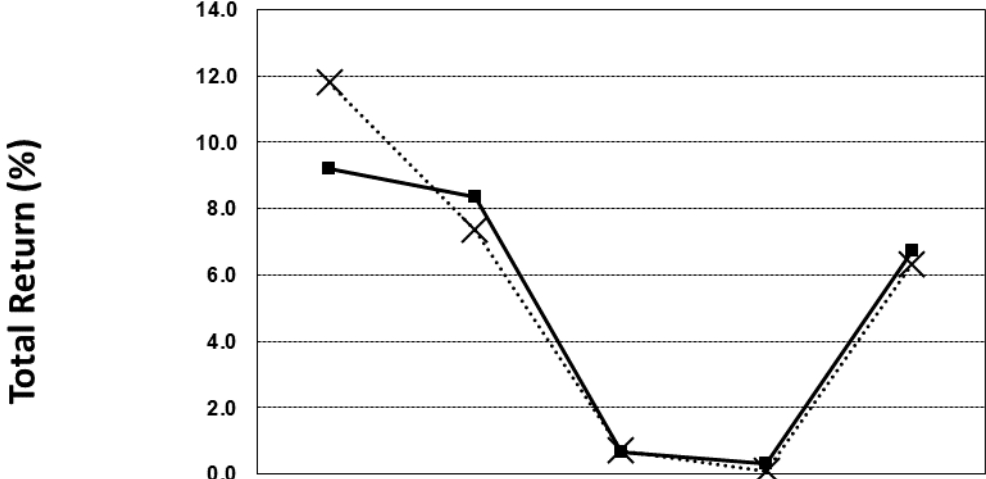
(b) BPAM Corporates All Bond Index (Available at [www.aminvest.com](http://www.aminvest.com))

\*\* Benchmark - Until 30 September 2016 - All Malaysian Government Securities Index (“AMGS”).

- from 1 October 2016 onwards - BPAM Corporates All Bond Index.

The Fund performance is calculated based on 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.**

<b>Fund Performance</b>	<p>For the financial period under review, the Fund registered a return of 3.52% comprising of 3.03% capital growth and 0.49% income distribution.</p> <p>Thus, the Fund's return of 3.52% has outperformed the benchmark's return of 3.12% by 0.40%.</p> <p>As compared with the financial year ended 31 July 2023, the net asset value ("NAV") per unit of the Fund increased by 3.03% from RM0.6971 to RM0.7182, while units in circulation decreased by 3.89% from 136,531,304 units to 131,219,500 units.</p> <p>The following line chart shows comparison between the annual performances of AmDynamic Bond and its benchmark, BPAM Corps All Bond Index/ AMGS, for the financial years ended 31 July.</p> <div data-bbox="376 629 1457 1368" style="border: 1px solid black; padding: 10px;">  <table border="1" data-bbox="440 1151 1414 1285"> <thead> <tr> <th></th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>...x... Fund</td> <td>11.81</td> <td>7.35</td> <td>0.71</td> <td>0.08</td> <td>6.34</td> </tr> <tr> <td>—■— Benchmark</td> <td>9.21</td> <td>8.35</td> <td>0.67</td> <td>0.30</td> <td>6.71</td> </tr> </tbody> </table> <p style="text-align: center;">Financial Years Ended (31 July)</p> </div> <p><b>Note: Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.</b></p>		2019	2020	2021	2022	2023	...x... Fund	11.81	7.35	0.71	0.08	6.34	—■— Benchmark	9.21	8.35	0.67	0.30	6.71						
	2019	2020	2021	2022	2023																				
...x... Fund	11.81	7.35	0.71	0.08	6.34																				
—■— Benchmark	9.21	8.35	0.67	0.30	6.71																				
<b>Strategies and Policies Employed</b>	<p>For the financial period under review, the Fund invested primarily in debt securities, and by active portfolio trading.</p> <p>The Fund's investment maturity profile is subject to active tactical duration management in view of the interest rate view.</p>																								
<b>Portfolio Structure</b>	<p>The table below is the asset allocation of the Fund as at 31 January 2024 and 31 July 2023.</p> <table border="1" data-bbox="376 1809 1457 2069"> <thead> <tr> <th></th> <th>As at 31.01.2024 %</th> <th>As at 31.07.2023 %</th> <th>Changes %</th> </tr> </thead> <tbody> <tr> <td>Commercial papers</td> <td>0.42</td> <td>-</td> <td>0.42</td> </tr> <tr> <td>Local corporate bonds</td> <td>87.71</td> <td>85.55</td> <td>2.16</td> </tr> <tr> <td>Foreign corporate bonds</td> <td>3.81</td> <td>4.73</td> <td>-0.92</td> </tr> <tr> <td>Foreign Government bonds</td> <td>1.29</td> <td>-</td> <td>1.29</td> </tr> <tr> <td>Forward contracts</td> <td>-</td> <td>0.04</td> <td>-0.04</td> </tr> </tbody> </table>		As at 31.01.2024 %	As at 31.07.2023 %	Changes %	Commercial papers	0.42	-	0.42	Local corporate bonds	87.71	85.55	2.16	Foreign corporate bonds	3.81	4.73	-0.92	Foreign Government bonds	1.29	-	1.29	Forward contracts	-	0.04	-0.04
	As at 31.01.2024 %	As at 31.07.2023 %	Changes %																						
Commercial papers	0.42	-	0.42																						
Local corporate bonds	87.71	85.55	2.16																						
Foreign corporate bonds	3.81	4.73	-0.92																						
Foreign Government bonds	1.29	-	1.29																						
Forward contracts	-	0.04	-0.04																						

	As at 31.01.2024 %	As at 31.07.2023 %	Changes %
Malaysian Government Securities	-	2.27	-2.27
Money market deposits and cash equivalents	6.77	7.41	-0.64
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	

For the financial period under review, the Fund highly invested in corporate bonds with an exposure of 91.52% of the Fund's NAV, 0.42% in commercial papers, 1.29% in foreign Government bonds while remaining 6.77% was held in money market deposits and cash equivalents.

<b>Securities Lending / Repurchase Transactions</b>	The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").
---	--

<b>Cross Trade</b>	There were no cross trades undertaken during the financial period under review.
--------------------	---

<b>Distribution/ unit splits</b>	During the financial period under review, the Fund declared income distribution, detailed as follows:
----------------------------------	---

Date of distribution	Distribution per unit RM (sen)	NAV per unit Cum-Distribution (RM)	NAV per unit Ex-Distribution (RM)
23-Jan-24	0.3400	0.7206	0.7172

There is no unit split declared for the financial period under review.

<b>State of Affairs</b>	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.
-------------------------	--

<b>Rebates and Soft Commission</b>	During the period, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.
------------------------------------	--

<b>Market Review</b>	<p>In the month of September and October 2023, local bond market took cue from the selloff in the United States Treasuries (UST) and saw yields rising across the curve. Much of the movement was due to the more hawkish guidance from the United States (US) Federal Reserve. Notably, both the 10-year and 30-year UST touched the psychologically significant 5.00% level. In addition to the external factors, local bond market sentiment was also weighed by concerns over Malaysian government bond supply. Overall, the Malaysia Government Securities (MGS) yield curve shifted upwards, with yields rising by 9 to 17bps from end-August 2023.</p>
----------------------	---

After the strong rally seen in November 2023, the MGS saw the rally continued in December 2023, save for 3Y, albeit at a lower magnitude. Much of the movement was due to the rally seen in the UST. MGS curve bull flattened month on month (MoM) with yields declined by 3bps to 10bps across the curve led by the 7Y, followed by the most watched 10Y, which declined by 9bps.

The local bond market started the first week of the year with a sell-down amid profit taking following the strong year-end rally and cautious move ahead of US non-farm payroll data announcement. Following stronger US economic data and hawkish Federal Reserve member's comments, the local market traded sideways, and turned



	<p>better on the last week of January in tandem with the UST amid lower Personal Consumption Expenditures (PCE) readings resulted in an expectation the Federal Reserve would start unwinding its policy tightening.</p> <p>As the US Federal Reserve (Fed) pushed back on dovish market expectations of US rate cuts, coupled by strong US jobs data and higher than expected US inflation prints, the Malaysian bond market saw some sell-down in Malaysian Government Securities (MGS) in the belly of the curve. Some buying interest returned to ringgit bonds as US rates began to show some signs of stabilization, however not fully reversing the sell-off in the earlier part of the month.</p>
<b>Market Outlook</b>	<p>On the domestic front, Bank Negara Malaysia (BNM) kept current Overnight Policy Rate (OPR) level unchanged in the recent Monetary Policy Committee (MPC) meeting in January and reiterated the current monetary policy as accommodative amid lower cost pressures and stabilising demand conditions.</p> <p>With the rate cut expected in developed markets, we remain constructive on the outlook for the bond market. Hence, we maintain overweight on duration position and stay active on the primary market.</p> <p>We continue to favour corporate bonds over government bonds for higher yield pick-up. However, credit spreads have tightened considerably since the start of the year. Therefore, we will be selective on the credit names.</p>
<b>Additional Information</b>	<p>The following information was updated:</p> <p>The Eleventh Supplementary Master Prospectus dated 1 March 2024 has been registered with the Securities Commission Malaysia. The issuance of the Eleventh Supplementary Master Prospectus is to update the income distribution policy. Notice of the issuance for the Eleventh Supplementary Master Prospectus dated 1 March 2024 has been published on our website at <a href="http://www.aminvest.com">www.aminvest.com</a> and sent to the Unit Holders on 13 March 2024.</p>

Kuala Lumpur, Malaysia  
AmFunds Management Berhad

18 March 2024

## AmDynamic Bond

### STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2024

	Note	31.01.2024 (unaudited) RM	31.07.2023 (audited) RM
<b>ASSETS</b>			
Investments	4	87,861,608	88,079,287
Derivative asset	5	1,532	36,825
Amount due from Manager	6(a)	258,444	237,211
Sundry receivable		454	1,014
Tax recoverable		32,446	36,473
Deposit with a licensed financial institution	7	5,848,481	6,691,550
Cash at banks		357,317	267,712
<b>TOTAL ASSETS</b>		<u>94,360,282</u>	<u>95,350,072</u>
<b>LIABILITIES</b>			
Amount due to Manager	6(b)	89,385	155,845
Amount due to Trustee	8	3,168	3,209
Distribution payable		3,398	4,098
Sundry payables and accruals		12,329	11,841
<b>TOTAL LIABILITIES</b>		<u>108,280</u>	<u>174,993</u>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<u>94,252,002</u>	<u>95,175,079</u>
<b>EQUITY</b>			
Unit holders' capital	10(a)	83,578,665	87,273,692
Retained earnings	10(b)(c)	10,673,337	7,901,387
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	10	<u>94,252,002</u>	<u>95,175,079</u>
<b>UNITS IN CIRCULATION</b>	10(a)	<u>131,219,500</u>	<u>136,531,304</u>
<b>NAV PER UNIT (RM)</b>		<u>0.7182</u>	<u>0.6971</u>

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

## AmDynamic Bond

### STATEMENT OF COMPREHENSIVE INCOME *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

	Note	01.08.2023 to 31.01.2024 RM	01.08.2022 to 31.01.2023 RM
<b>INVESTMENT INCOME</b>			
Interest income		2,173,186	2,043,363
Other income	10(a)	65,920	95,920
Net gains from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	9	1,495,495	632,938
Other net realised gain/(loss) on foreign currency exchange		13,088	(147,052)
		<u>3,747,689</u>	<u>2,625,169</u>
<b>EXPENDITURE</b>			
Manager’s fee	6	(474,459)	(450,366)
Trustee’s fee	8	(18,978)	(18,015)
Audit fee		(3,527)	(3,541)
Tax agent’s fee		(2,313)	(2,319)
Custodian’s fee		(1,185)	(1,353)
Other expenses		(3,369)	(2,042)
		<u>(503,831)</u>	<u>(477,636)</u>
<b>Net income before taxation</b>		3,243,858	2,147,533
<b>Taxation</b>	12	<u>(28,501)</u>	<u>(16,156)</u>
<b>Net income after taxation, representing total comprehensive income for the financial period</b>		<u>3,215,357</u>	<u>2,131,377</u>
Total comprehensive income comprises the following:			
Realised income		1,780,731	1,491,946
Unrealised gains		<u>1,434,626</u>	<u>639,431</u>
		<u>3,215,357</u>	<u>2,131,377</u>
<b>Distribution for the financial period</b>			
Net distribution	13	<u>443,407</u>	<u>1,093,372</u>
Gross distribution per unit (sen)	13	<u>0.3439</u>	<u>0.8577</u>
Net distribution per unit (sen)	13	<u>0.3400</u>	<u>0.8500</u>

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

## AmDynamic Bond

### STATEMENT OF CHANGES IN EQUITY *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 August 2023		87,273,692	7,901,387	95,175,079
Total comprehensive income for the financial period		-	3,215,357	3,215,357
Creation of units	10(a)	5,371,602	-	5,371,602
Reinvestment of distribution	10(a)	440,009	-	440,009
Cancellation of units	10(a)	(9,506,638)	-	(9,506,638)
Distribution	13	-	(443,407)	(443,407)
Balance at 31 January 2024		<u>83,578,665</u>	<u>10,673,337</u>	<u>94,252,002</u>
At 1 August 2022		89,988,967	4,113,485	94,102,452
Total comprehensive income for the financial period		-	2,131,377	2,131,377
Creation of units		537,630	-	537,630
Reinvestment of distribution		1,082,829	-	1,082,829
Cancellation of units		(9,791,829)	-	(9,791,829)
Distribution	13	-	(1,093,372)	(1,093,372)
Balance at 31 January 2023		<u>81,817,597</u>	<u>5,151,490</u>	<u>86,969,087</u>

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

## AmDynamic Bond

### STATEMENT OF CASH FLOWS *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

	Note	01.08.2023 to 31.01.2024 RM	01.08.2022 to 31.01.2023 RM
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>			
Proceeds from sale of investments		10,844,553	7,485,693
Purchases of investments		(9,061,408)	(5,097,500)
Net settlement from derivative contracts		(26,625)	-
Interest received		2,178,220	2,080,565
Other income		66,481	98,058
Manager's fee paid		(472,994)	(448,812)
Trustee's fee paid		(19,020)	(17,938)
Custodian's fee paid		(1,185)	(1,353)
Tax paid		(24,474)	(32,868)
Payments for other expenses		(8,720)	(861)
Net cash generated from operating and investing activities		<u>3,474,828</u>	<u>4,064,984</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		5,350,368	537,630
Payments for cancellation of units		(9,574,562)	(9,980,791)
Distribution paid		(4,098)	(10,030)
Net cash used in financing activities		<u>(4,228,292)</u>	<u>(9,453,191)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(753,464)</b>	<b>(5,388,207)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>		<b><u>6,959,262</u></b>	<b><u>7,876,179</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>		<b><u>6,205,798</u></b>	<b><u>2,487,972</u></b>
Cash and cash equivalents comprise:			
Deposit with a licensed financial institution	7	5,848,481	2,400,181
Cash at banks		357,317	87,791
		<u>6,205,798</u>	<u>2,487,972</u>

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

## AmDynamic Bond

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

#### 1. GENERAL INFORMATION

AmDynamic Bond (the “Fund”) was established pursuant to a Deed dated 11 September 2003 as amended by Deeds supplemental thereto (the “Deeds”), 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 a medium to long term bond fund with potentially higher level of income and risk. As provided in the Deeds, the financial year shall end on 31 July and the units in the Fund were first offered for sale on 16 September 2003.

The financial statements were authorised for issue by the Manager on 18 March 2024.

#### 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 134: *Interim Financial Reporting (“MFRS 134”)* as issued by the Malaysian Accounting Standards Board (“MASB”).

##### 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 <i>Insurance Contracts and Amendments to MFRS 17*</i>	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information (Amendments to MFRS 17 Insurance Contracts)*</i>	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current</i>	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements: Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting policies, Changes in Accounting Estimates and Errors: 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 112 <i>Income Taxes: International Tax Reform - Pillar Two Model Rules</i>	1 January 2023

##### 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.

## AmDynamic Bond

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

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

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

Description	Effective for financial periods beginning on or after
Amendments to MFRS 16 <i>Leases: Lease Liability in a Sale and Leaseback*</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements: Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 <i>Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability</i>	1 January 2025
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 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.

(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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

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

**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 investments that are readily convertible to cash with insignificant risk of changes in value.

**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 in the current period. Realised income is the income earned from interest income, other income and net gain from 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 distribution payment date. Reinvestment of units is based on the NAV per unit on the distribution payment date, which is also the time of creation.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

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

**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.

**3.9 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 AUGUST 2023 TO 31 JANUARY 2024**

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

**3.9 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.

**3.10 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 AUGUST 2023 TO 31 JANUARY 2024**

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

**3.10 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 deposit with licensed financial institution, cash at banks, amount due from Target Fund Manager, amount due from Manager, amount due from brokers/financial institutions, dividend/distribution receivables 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 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". 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

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

**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 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.

**3.12 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.

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.

**3.13 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

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

**3.14 Determination of fair value**

For investments in local fixed income securities, nominal value is the face 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. For investments in foreign fixed income securities, fair value will be based on indicative prices provided by independent and reputable institutions plus accrued interest. 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.

**3.15 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 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.

## AmDynamic Bond

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

#### 4. INVESTMENTS

	31.01.2024 RM	31.07.2023 RM
<b>Financial assets at FVTPL</b>		
Fixed income securities – local	83,055,273	83,579,409
Fixed income securities – foreign	4,806,335	4,499,878
	<u>87,861,608</u>	<u>88,079,287</u>

Details of investments as at 31 January 2024 are as follows:

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>Fixed income securities – local</b>					
<b>Corporate bonds</b>					
28.08.2026	MTT Shipping Sdn. Bhd.	1,500,000	1,543,177	1,533,187	1.64
21.12.2026	MBSB Bank Berhad	3,000,000	3,083,955	3,018,555	3.27
19.03.2027	IJM Land Berhad	5,000,000	5,227,666	5,105,966	5.55
11.11.2027	Petroleum Sarawak Exploration and Production Sdn. Bhd.	1,000,000	1,054,605	1,012,635	1.12
16.11.2027	Dialog Group Berhad	2,500,000	2,481,612	2,521,887	2.63
03.12.2027	SIME Darby Property Berhad	5,000,000	4,950,491	5,027,641	5.25
10.02.2028	AEON Credit Service (M) Berhad	5,000,000	5,042,744	5,092,294	5.35
20.04.2028	UMW Holdings Berhad	11,000,000	12,012,915	11,199,025	12.75

## AmDynamic Bond

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

#### 4. INVESTMENTS (CONT'D.)

Details of investments as at 31 January 2024 are as follows: (cont'd.)

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>Fixed income securities – local (cont'd.)</b>					
<b>Corporate bonds (cont'd.)</b>					
03.05.2028	UDA Holdings Berhad	400,000	410,323	405,683	0.44
05.05.2028	GENM Capital Berhad	1,000,000	1,025,285	1,012,085	1.09
10.10.2028	Affin Islamic Bank Berhad	2,500,000	2,583,463	2,539,713	2.74
13.10.2028	Amanat Lebuhraya Rakyat Berhad	1,000,000	1,057,170	1,014,810	1.12
17.11.2028	RHB Bank Berhad	2,500,000	2,568,400	2,522,800	2.72
05.01.2038	Edra Energy Sdn. Bhd.	1,000,000	1,091,400	1,035,790	1.16
12.10.2029	Amanat Lebuhraya Rakyat Berhad	1,500,000	1,603,941	1,522,671	1.70
05.07.2030	Johor Corporation	1,000,000	1,033,256	1,002,926	1.10
30.04.2031	OSK Rated Bond Sdn. Bhd.	5,000,000	5,171,053	5,058,203	5.49
30.04.2031	Southern Power Generation Sdn. Bhd.	5,000,000	5,371,584	5,683,410	5.70
31.10.2031	Southern Power Generation Sdn. Bhd.	5,000,000	5,388,743	5,760,327	5.72

## AmDynamic Bond

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

#### 4. INVESTMENTS (CONT'D.)

Details of investments as at 31 January 2024 are as follows: (cont'd.)

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>Fixed income securities – local (cont'd.)</b>					
<b>Corporate bonds (cont'd.)</b>					
23.06.2034	YTL Corporation Berhad	5,000,000	5,205,015	5,053,918	5.52
11.11.2036	YTL Corporation Berhad	4,000,000	4,388,106	4,071,122	4.66
02.06.2037	TNB Power Generation Sdn. Bhd.	250,000	276,366	252,041	0.29
05.01.2038	Edra Energy Sdn. Bhd.	5,000,000	6,139,968	5,176,004	6.51
02.06.2042	TNB Power Generation Sdn. Bhd.	500,000	569,303	504,203	0.60
30.06.2042	Tenaga Nasional Berhad	2,000,000	2,300,566	2,009,986	2.44
06.10.2042	Solarpack Suria Sungai Petani Sdn. Bhd.	1,000,000	1,080,586	1,027,673	1.15
<b>Total corporate bonds</b>		<b>77,650,000</b>	<b>82,661,693</b>	<b>80,164,555</b>	<b>87.71</b>
<b>Commercial paper</b>					
12.07.2024	Hong Leong Islamic Bank Berhad	400,000	393,580	393,474	0.42
<b>Total commercial paper</b>		<b>400,000</b>	<b>393,580</b>	<b>393,474</b>	<b>0.42</b>
<b>Total fixed income securities - local</b>		<b>78,050,000</b>	<b>83,055,273</b>	<b>80,558,029</b>	<b>88.13</b>



## AmDynamic Bond

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

#### 4. INVESTMENTS (CONT'D.)

Details of investments as at 31 January 2024 are as follows: (cont'd.)

Maturity date	Issuer	Nominal value USD	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>Fixed income securities – foreign</b>					
<b>Corporate bonds denominated in United States Dollar (“USD”)</b>					
27.12.2027	Lenovo Group Limited	250,000	1,204,673	1,114,765	1.28
01.06.2028	Khazanah Global Sukuk Berhad	500,000	2,384,019	2,323,963	2.53
<b>Total corporate bonds</b>		<u>750,000</u>	<u>3,588,692</u>	<u>3,438,728</u>	<u>3.81</u>
<b>Government bond</b>					
01.09.2025	United States of America	250,000	1,217,643	1,194,125	1.29
<b>Total Government bond</b>		<u>250,000</u>	<u>1,217,643</u>	<u>1,194,125</u>	<u>1.29</u>
<b>Total fixed income securities – foreign</b>		<u>1,000,000</u>	<u>4,806,335</u>	<u>4,632,853</u>	<u>5.10</u>
<b>Total financial assets at FVTPL</b>			<u>87,861,608</u>	<u>85,190,882</u>	<u>93.23</u>
<b>Excess of fair value over adjusted cost</b>			<u>2,670,726</u>		

#### 5. DERIVATIVE INSTRUMENTS

Derivative instruments comprise forward currency contracts. The forward currency contracts entered into during the financial period were for hedging against the currencies exposure arising mainly from investments in the foreign currencies that are not denominated in RM. As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward currency contract is recognised immediately in the statement of comprehensive income.

## AmDynamic Bond

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

#### 5. DERIVATIVE INSTRUMENTS (CONT'D.)

The table below shows the fair value of derivative financial instruments, recorded as assets (being derivatives which are in a net gain position) or liabilities (being derivatives which are in a net loss position), together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, foreign exchange currency and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the end of the financial period.

Maturity date	Counterparty	Notional amount USD	Fair value of derivative asset RM	Fair value as a percentage of NAV %
<b>31.01.2024</b>				
<b>United States Dollar</b>				
08.02.2024	CIMB Bank Berhad	500,000	1,532	-*
<b>31.07.2023</b>				
<b>United States Dollar</b>				
14.08.2023	CIMB Bank Berhad	250,000	36,825	0.04

\* represents less than 0.01%.

#### 6. AMOUNT DUE FROM/TO MANAGER

	Note	31.01.2024 RM	31.07.2023 RM
<b>(a) Due from Manager</b>			
Creation of units	(i)	258,444	237,211
<b>(b) Due to Manager</b>			
Cancellation of units	(ii)	-	67,925
Manager's fee payable	(iii)	89,385	87,920
		89,385	155,845

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

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

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

## AmDynamic Bond

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

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

(iii) Manager's fee is at a rate of 1.00% (31.07.2023: 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. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	31.01.2024 RM	31.07.2023 RM
At nominal value:		
Short-term deposit	<u>5,848,000</u>	<u>6,691,000</u>
At carrying value:		
Short-term deposit	<u>5,848,481</u>	<u>6,691,550</u>

Details of deposit with a licensed financial institution are as follows:

Maturity date	Financial Institution	Nominal value RM	Carrying value RM	Carrying value as a percentage of NAV %
<b>31.01.2024</b>				
<b>Short-term deposit</b>				
02.02.2024	CIMB Bank Berhad	<u>5,848,000</u>	<u>5,848,481</u>	<u>6.21</u>

#### 8. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.04% (31.07.2023: 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.

## AmDynamic Bond

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

#### 9. NET GAINS FROM INVESTMENTS

	01.08.2023 to 31.01.2024 RM	01.08.2022 to 31.01.2023 RM
Net gains on financial assets at FVTPL comprised:		
– Net realised gain/(loss) on sale of investments	30,244	(86,264)
– Net realised loss on settlement of derivative contract	(26,625)	-
– Net realised gains on foreign currency exchange	57,250	79,771
– Net unrealised gains on changes in fair value of investments	1,307,188	752,355
– Net unrealised loss from revaluation of derivative contracts	(35,293)	-
– Net unrealised gain/(loss) on foreign currency fluctuation of investments denominated in foreign currency	162,731	(112,924)
	<u>1,495,495</u>	<u>632,938</u>

#### 10. TOTAL EQUITY

Total equity is represented by:

	Note	31.01.2024 RM	31.07.2023 RM
Unit holders' capital	(a)	83,578,665	87,273,692
Retained earnings			
– Realised income	(b)	8,001,079	6,663,755
– Unrealised gains	(c)	2,672,258	1,237,632
		<u>94,252,002</u>	<u>95,175,079</u>

##### (a) Unit holders' capital/units in circulation

	31.01.2024		31.07.2023	
	Number of units	RM	Number of units	RM
At beginning of the financial period/year	136,531,304	87,273,692	140,945,274	89,988,967
Creation during the financial period/year	7,611,232	5,371,602	18,421,487	12,709,935
Reinvestment of distribution	613,510	440,009	2,400,222	1,634,269
Cancellation during the financial period/year	(13,536,546)	(9,506,638)	(25,235,679)	(17,059,479)
At end of the financial period/year	<u>131,219,500</u>	<u>83,578,665</u>	<u>136,531,304</u>	<u>87,273,692</u>

The Manager charged an exit penalty fee of 1.00% (2023: 1.00%) on the NAV per unit of the Fund during the financial period. The exit penalty will be recognised as income of the Fund.

## AmDynamic Bond

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

#### 10. TOTAL EQUITY (CONT'D.)

##### (b) Realised – distributable

	31.01.2024	31.07.2023
	RM	RM
At beginning of the financial period/year	6,663,755	5,281,838
Net realised income for the financial period/year	1,780,731	3,030,827
Distribution out of realised income	(443,407)	(1,648,910)
At end of the financial period/year	<u>8,001,079</u>	<u>6,663,755</u>

##### (c) Unrealised – non-distributable

	31.01.2024	31.07.2023
	RM	RM
At beginning of the financial period/year	1,237,632	(1,168,353)
Net unrealised gains for the financial period/year	1,434,626	2,405,985
At end of the financial period/year	<u>2,672,258</u>	<u>1,237,632</u>

#### 11. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

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  
Holding 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 January 2024 and 31 July 2023.

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

	31.01.2024	31.07.2023
	RM	RM
<b>Significant related party balance</b>		
<u>AmBank (M) Berhad</u>		
Cash at bank	<u>396</u>	<u>412</u>

## AmDynamic Bond

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

#### 12. TAXATION

	<b>01.08.2023 to 31.01.2024</b>	<b>01.08.2022 to 31.01.2023</b>
	<b>RM</b>	<b>RM</b>
Local tax	<u>28,501</u>	<u>16,156</u>

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

Pursuant to the Finance Act 2021, income derived by a resident person from sources outside Malaysia and received in Malaysia from 1 January 2022 will no longer be exempted from tax. Foreign-sourced income ("FSI") received in Malaysia will be taxed at the prevailing tax rate(s) of the taxpayer and based on applicable tax rules. Bilateral or unilateral tax credits may be allowed if the same income has suffered foreign tax, and where relevant conditions are met.

A reconciliation of income tax expense applicable to net 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:

	<b>01.08.2023 to 31.01.2024</b>	<b>01.08.2022 to 31.01.2023</b>
	<b>RM</b>	<b>RM</b>
Net income before taxation	<u>3,243,858</u>	<u>2,147,533</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	778,526	515,408
Tax effects of:		
Income not subject to tax	(880,069)	(666,937)
Losses not allowed for tax deduction	20,612	63,953
Restriction on tax deductible expenses for unit trust fund	103,386	98,097
Non-permitted expenses for tax purposes	6,046	5,635
Tax expense for the financial period	<u>28,501</u>	<u>16,156</u>

#### 13. DISTRIBUTION

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

	<b>01.08.2023 to 31.01.2024</b>	<b>01.08.2022 to 31.01.2023</b>
	<b>RM</b>	<b>RM</b>
Gross distribution per unit (sen)	<u>0.3439</u>	<u>0.8577</u>
Net distribution per unit (sen)	<u>0.3400</u>	<u>0.8500</u>

## AmDynamic Bond

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

#### 13. DISTRIBUTION (CONT'D.)

Details of distributions to unit holders for the financial periods are as follows: (cont'd.)

##### Financial period ended 31 January 2024

Distribution Ex-date	Gross distribution per unit RM (sen)	Net distribution per unit RM (sen)	Total distribution RM
23 January 2024	0.3439	0.3400	443,407

##### Financial period ended 31 January 2023

Distribution Ex-date	Gross distribution per unit RM (sen)	Net distribution per unit RM (sen)	Total distribution RM
19 January 2023	0.8577	0.8500	1,093,372
		<b>01.08.2023 to 31.01.2024 RM</b>	<b>01.08.2022 to 31.01.2023 RM</b>
Total amount available for distribution		8,001,079	6,663,755

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.

#### 14. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	<b>01.08.2023 to 31.01.2024 % p.a.</b>	<b>01.08.2022 to 31.01.2023 % p.a.</b>
Manager’s fee	0.50	0.51
Trustee’s fee	0.02	0.02
Fund’s other expenses	0.01	0.01
Total TER	0.53	0.54

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.

## AmDynamic Bond

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

#### 15. 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 0.11 times (01.08.2022 to 31.01.2023: 0.07 times).

#### 16. SEGMENTAL REPORTING

The Manager and Investment Committee of the Fund are responsible for allocating resources available to the Fund in accordance with the overall investment strategies as set out in the Investment Guidelines of the Fund. The Fund is managed by two segments:

- A portfolio of foreign fixed income instruments; and
- A portfolio of fixed income instruments, including deposit with a licensed financial institution.

The investment objective of each segment is to achieve consistent returns from the investments in each segment while safeguarding capital by investing in diversified portfolios. There have been no changes in reportable segments in the current financial period.

	01.08.2023 to 31.01.2024			01.08.2022 to 31.01.2023		
	Foreign fixed income portfolio RM	Local fixed income portfolio RM	Total RM	Foreign fixed income portfolio RM	Local fixed income portfolio RM	Total RM
Interest income	121,784	2,051,402	2,173,186	87,027	1,956,336	2,043,363
Net gains from investments:						
– Financial assets at FVTPL	198,660	1,296,835	1,495,495	(270,228)	903,166	632,938
– Other net realised gain/(loss) on foreign currency exchange	13,088	-	13,088	(147,052)	-	(147,052)
<b>Total segment investment income for the financial period</b>	<b>333,532</b>	<b>3,348,237</b>	<b>3,681,769</b>	<b>(330,253)</b>	<b>2,859,502</b>	<b>2,529,249</b>



## AmDynamic Bond

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

#### 16. SEGMENTAL REPORTING (CONT'D.)

	31.01.2024			31.07.2023		
	Foreign fixed income portfolio RM	Local fixed income portfolio RM	Total RM	Foreign fixed income portfolio RM	Local fixed income portfolio RM	Total RM
Financial assets at FVTPL	4,806,335	83,055,273	87,861,608	4,499,878	83,579,409	88,079,287
Deposit with a licensed financial institution	-	5,848,481	5,848,481	-	6,691,550	6,691,550
<b>Total segment assets</b>	<b>4,806,335</b>	<b>88,903,754</b>	<b>93,710,089</b>	<b>4,499,878</b>	<b>90,270,959</b>	<b>94,770,837</b>

Expenses of the Fund are not considered part of the performance of any investment segment. The following table provides reconciliation between the net reportable segment income and net income after taxation:

	01.08.2023 to 31.01.2024 RM	01.08.2022 to 31.01.2023 RM
Net reportable segment investment income	3,681,769	2,529,249
Other income	65,920	95,920
Less: Expenses	(503,831)	(477,636)
Net income before taxation	3,243,858	2,147,533
Taxation	(28,501)	(16,156)
<b>Net income after taxation</b>	<b>3,215,357</b>	<b>2,131,377</b>

In addition, certain assets and liabilities are not considered to be part of the net assets or liabilities of an individual segment. The following table provides reconciliation between the net reportable segment assets and liabilities and total assets and liabilities of the Fund.

	31.01.2024 RM	31.07.2023 RM
Total segment assets	93,710,089	94,770,837
Derivative asset	1,532	36,825
Amount due from Manager	258,444	237,211
Sundry receivable	454	1,014
Tax recoverable	32,446	36,473
Cash at banks	357,317	267,712
<b>Total assets of the Fund</b>	<b>94,360,282</b>	<b>95,350,072</b>

## AmDynamic Bond

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

#### 16. SEGMENTAL REPORTING (CONT'D.)

	31.01.2024	31.07.2023
	RM	RM
Amount due to Manager	89,385	155,845
Amount due to Trustee	3,168	3,209
Distribution payable	3,398	4,098
Sundry payables and accruals	12,329	11,841
Total liabilities of the Fund	<u>108,280</u>	<u>174,993</u>

#### 17. TRANSACTIONS WITH BROKERS

Details of transactions with brokers for the financial period ended 31 January 2024 are as follows:

	Transaction value	
	RM	%
Hong Leong Islamic Bank Berhad	5,001,342	24.96
RHB Investment Bank Berhad	4,160,605	20.77
Affin Hwang Investment Bank Berhad	3,500,000	17.47
CIMB Bank Berhad	3,108,691	15.52
Hong Leong Bank Berhad	1,396,056	6.97
JP Morgan Securities Ltd London	1,172,871	5.85
Merrill Lynch Int Ltd (London)	1,159,604	5.79
AmBank (M) Berhad*	534,242	2.67
Total	<u>20,033,411</u>	<u>100.00</u>

\* A financial institution related to Manager.

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

#### 18. 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 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 investment restrictions as stipulated by the Capital Market and Services Act 2007, Securities Commission Malaysia's Guidelines on Unit Trust Funds and the Deeds as the backbone of risk management of the Fund.

## AmDynamic Bond

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024

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

##### (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.

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

##### (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.

##### (ii) 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 net unhedged financial assets of the Fund that are not denominated in Fund's functional currency are as follows:

Assets denominated in	31.01.2024		31.07.2023	
	RM equivalent	% of NAV	RM equivalent	% of NAV
<b>United States Dollar</b>				
Investments	4,806,335	5.10	4,499,878	4.73
Cash at bank	346,263	0.37	256,196	0.27
	<u>5,152,598</u>	<u>5.47</u>	<u>4,756,074</u>	<u>5.00</u>
<b>Indonesian Rupiah</b>				
Cash at bank	<u>3</u>	<u>-*</u>	<u>3</u>	<u>-*</u>

\* represents less than 0.01%

##### (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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2023 TO 31 JANUARY 2024**

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

**(b) Credit risk (cont'd.)**

For deposit with a licensed financial institution, the Fund makes placements with licensed financial institutions 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 a 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.

**(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.

**(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 the respective internal policies, the Deed and its Supplemental Deeds, securities law or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the Fund.

## **AmDynamic Bond**

### **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 AmDynamic Bond (the “Fund”) as at 31 January 2024 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

18 March 2024

## **TRUSTEE'S REPORT**

### **TO THE UNIT HOLDERS OF AMDYNAMIC BOND ("Fund")**

We have acted as Trustee of the Fund for the financial period ended 31 January 2024 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 requirements.

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  
18 March 2024

## DIRECTORY

Head Office 9<sup>th</sup> & 10<sup>th</sup> 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.)*

