

Annual Report for

AmTactical Bond

31 August 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

Deutsche Trustees Malaysia Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

CONTENTS

- 1** Manager's Report
- 8** Independent Auditor's Report to the Unit holders
- 12** Statement of Financial Position
- 13** Statement of Comprehensive Income
- 14** Statement of Changes in Equity
- 15** Statement of Cash Flows
- 16** Notes to the Financial Statements
- 47** Statement by the Manager
- 48** Trustee's Report
- 49** Directory

MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of AmTactical Bond ("Fund") for the financial year ended 31 August 2023.

Salient Information of the Fund

Name	AmTactical Bond ("Fund")
Category/ Type	Bond / Income and Growth
Objective	<p>The Fund aims to provide income* and to a lesser extent capital appreciation by investing primarily in bonds.</p> <p><i>Note:</i> <i>*Income distribution (if any) will be reinvested.</i></p> <p><i>Any material change to the investment objective of the Fund would require Unit Holders' approval.</i></p>
Duration	The Fund was established on 29 October 2012 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	<p>Quantshop All MGS Index ("All MGS"). (Available at www.aminvest.com)</p> <p><i>Note: There is no specific index available in the market that is applicable for the Fund. As the Fund is a bond fund that invests primarily in a mixture of domestic and foreign sovereign, quasi-sovereign and corporate bonds, hence this index is chosen as it is widely used as benchmark for bond funds in the Malaysia market. The risk profile of the performance benchmark is not the same as the risk profile of the Fund. The Fund is expected to outperform the Quantshop All MGS Index.</i></p>
Income Distribution Policy	<p><u>Class B (MYR)</u></p> <p>Subject to availability of income, distribution is paid twice every year and will be reinvested into additional units of the respective Class.</p> <p><i>Note: Income distribution amount (if any) for each of the Classes would be different subject to sole discretion of the Manager.</i></p>

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 31 August are as follows:			
		As at 31 August		
		2023 %	2022 %	2021 %
	Local corporate bonds	42.17	47.36	39.12
	Foreign corporate bonds	21.53	34.97	48.91
	Foreign government bond	6.01	10.92	-
	Malaysian government bond	10.61	-	-
	Forward contract	-	-0.09	-
	Money market deposits and cash equivalents	19.68	6.84	11.97
	Total	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 years ended 31 August are as follows:			
		FYE 2023	FYE 2022	FYE 2021
	Net asset value (RM)	50,941,065*	59,376,518	90,652,287
	Units in circulation	51,468,660*	57,072,898	77,518,762
	Net asset value per unit (RM)	0.9897*	1.0404	1.1694
	Highest net asset value per unit (RM)	1.0342*	1.1719	1.2057
	Lowest net asset value per unit (RM)	0.9238*	0.9978	1.1694
	Benchmark performance (%)	5.54	-0.39	-0.41
	Total return (%) ⁽¹⁾	-4.68	-10.27	2.60
	- Capital growth (%)	-4.68	-11.27	-0.90
	- Income distribution (%)	-	1.00	3.50
	Gross distribution (sen per unit)	-	1.17	4.13
	Net distribution (sen per unit)	-	1.17	4.13
	Total expenses ratio (%) ⁽²⁾	1.12	1.09	1.10
	Portfolio turnover ratio (times) ⁽³⁾	0.96	0.31	0.56
	* Above prices and net asset value per unit are not shown as ex-distribution.			
	<i>Note:</i>			
	(1) Total return is the actual return of the Fund for the respective financial years computed based on the net asset value per unit and net of all fees.			
	(2) Total expense ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis. The TER increased by 0.03% as compared to 1.09% per annum for the financial year ended 31 August 2022 mainly due to increase in expenses.			
	(3) Portfolio turnover ratio ("PTR") is calculated based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis. The increase in the PTR for 2023 and decrease for 2022 were due mainly to investing activities.			

Average Total Return (as at 31 August 2023)

Class B (MYR)	AmTactical Bond^(a) %	All MGS^(b) %
One year	-4.68	5.54
Three years	-4.26	1.54
Five years	0.37	4.39
Ten years	3.00	4.28

Annual Total Return

Financial Years Ended (31 August) Class B (MYR)	AmTactical Bond^(a) %	All MGS^(b) %
2023	-4.68	5.54
2022	-10.27	-0.39
2021	2.60	-0.41
2020	4.73	7.76
2019	10.84	9.88

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

(b) Quantshop All MGS Index ("All MGS"). (Available at www.aminvest.com)

The Fund performance is calculated based on the net asset value per unit of the Fund. Average total return of the Fund and its benchmark for a period is computed based on the absolute return for that period annualised over one year.

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

Fund Performance**Class B (MYR)**

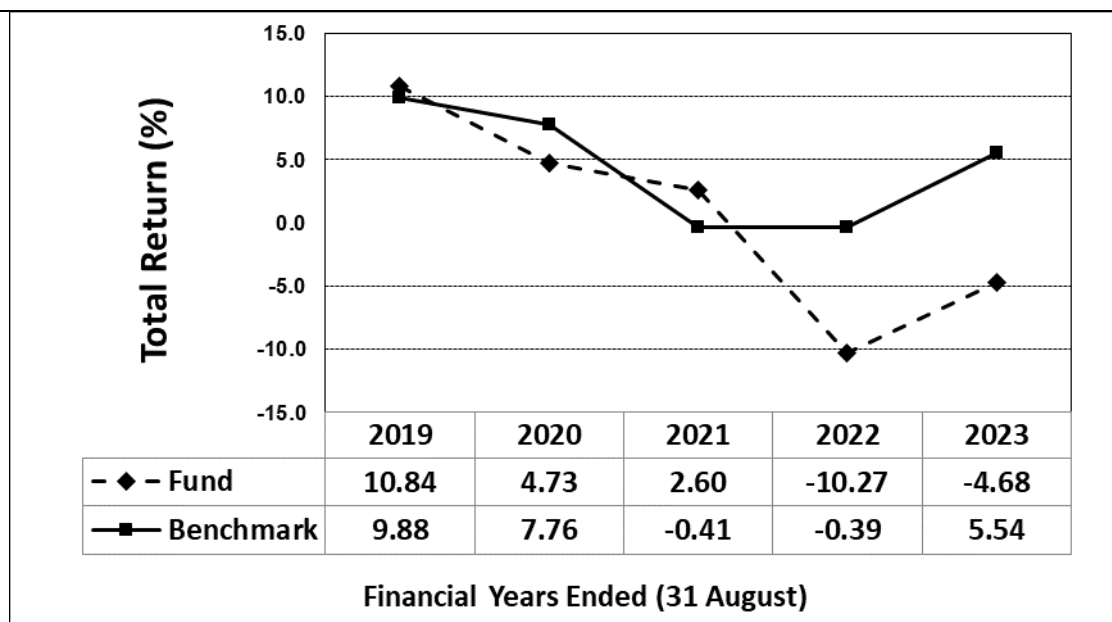
For the financial year under review, the Fund registered a negative return of 4.68^(a)% which is entirely capital in nature.

Thus, the Fund's negative return of 4.68% underperformed the benchmark's return of 5.54% by 10.22%.

As compared with the financial year ended 31 August 2022, the net asset value ("NAV") per unit of the Fund decreased by 4.87% from RM1.0404 to RM0.9897, while units in circulation decreased by 9.81% from 57,072,898 units to 51,468,660 units.

(a) Price based on published price (last business day)

The following line chart shows comparison between the annual performances of AmTactical Bond – Class B (MYR) and its benchmark, All MGS, for the financial years ended 31 August.



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 corporate bonds. The Manager analyses the general economic and market conditions. The Manager also analyses and compares fixed income securities in terms of expected returns against assumed risk by analyzing credit rating and duration of the fixed income securities, where the Manager selects securities that would deliver better returns for a given level of risk. The Fund's investment is subject to active tactical duration management, where duration of the portfolio of the Fund is monitored and modified according to interest rate outlook without any portfolio maturity limitation.

Portfolio Structure

The table below is the asset allocation of the Fund as at 31 August 2023 and 31 August 2022.

	As at 31.08.2023 %	As at 31.08.2022 %	Changes %
Local corporate bonds	42.17	47.36	-5.19
Foreign corporate bonds	21.53	34.97	-13.44
Foreign government bond	6.01	10.92	-4.91
Malaysian government bond	10.61	-	10.61
Forward contract	-	-0.09	0.09
Money market deposits and cash equivalents	19.68	6.84	12.84
Total	100.00	100.00	

For the financial year under review, the Fund invested 21.53% of NAV in foreign corporate bonds, 42.17% in local corporate bonds, 6.01% in foreign government bond, 10.61% in Malaysian government bond and the balance of 19.68% was held in money market deposits and cash equivalents.

Securities Lending / Repurchase Transactions

The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").

Cross Trade	There were no cross trades undertaken during the financial year under review.
Distribution/ unit splits	There is no income distribution and unit split declared for the financial year under review.
State of Affairs	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 year under review.
Rebates and Soft Commission	During the year, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.
Market Review	<p>Asian dollar bonds continued their downward trend from the previous month into September, with an acceleration in the sell-off towards the end of the month following the more hawkish than expected tone out of the Federal Open Market Committee (FOMC) meeting on 21 September, which was further exacerbated by the knock-on effect from volatile United Kingdom (UK) Gilt and forex markets on concerns of UK's fiscal position follow major tax cut proposals on 23 September. Global markets subsequently retraced with the intervention by the Bank of England and shortly after a reversal by the UK Government of tax cuts for the highest earners, with more reversals expected. The overall Asian Dollar Index fell 3.88% MoM in September continuing on from the 1.03% MoM fall in August. The Asian Dollar IG Index and the Asian Dollar Corporate Index fell a similar 3.66% and 3.11% respectively in September (August: -1.25% MoM, - 0.93% MoM respectively). Meanwhile, the more volatile Asian Dollar HY Index fell 6.50% MoM in September versus the gain of 2.71% MoM in August.</p> <p>Asian dollar bonds continued their downtrend for another month into October, weighed down by the hawkish stance of the United States (US) Federal Reserve and no definitive sign yet of a peaking of the inflation trend in the US. We expect the more domestically supported regional markets to see some strength on any dovish signals from global central banks. The overall Asian Dollar Index fell 2.79% MoM in October continuing on from the 3.8% MoM fall in September and 1.03% MoM fall in August. The Asian Dollar IG Index and the Asian Dollar Corporate Index fell a similar 2.42% MoM and 3.25% MoM respectively in October (September: -3.66% MoM, - 3.11% MoM respectively). Meanwhile, the more volatile Asian Dollar HY Index fell 9.24% MoM in October (September: -6.50% MoM in September).</p> <p>Asian dollar bonds saw a rebound in November, taking the market lead from the turnaround in United States Treasuries (UST). Following the release of two inflation prints during the month that suggest a peaking of US inflation, the market has shifted US Federal Reserve rate-hike expectations to a less aggressive path of 50bps increments rather than 75bps increments previously.</p> <p>After the strong rebound in November, the Asian dollar bond market eased in December but remained positive. Investor sentiment continued to be supported by China's measures to relieve liquidity and regulatory stress in its property sector, the current attractive levels offered by fixed income in the region, along with optimism for China's relaxation of Covid measures, and also the possible peak in the US Federal Reserve's aggressive rate hike cycle.</p> <p>The Asian dollar bond markets recorded its third consecutive month of gain in January as investor sentiment continued to be positive, supported by the conviction that the Federal Reserve will hike rate by only 25bps to 4.50-4.75% in the coming Federal Open Market Committee (FOMC) meeting on 1-2 February which represents a further downshift in the pace of hike from 50bps in December 2022.</p>

	<p>The Asian dollar bond market recorded a negative return after three consecutive months of gain as Federal Reserve hiked its fund rate by 25bps in early February, followed by a hawkish warning that interest rates may stay elevated for a longer period to counter the running inflation. The United States Treasury (UST) curve continued to bear flattened after a string of strong economic readings for January surprised the market on the upside. Asian bond markets were not spared from the global rates rout as well.</p> <p>Come 2Q2023, some of the United States (US) Regional Banks got into liquidity issues and were taken over by the Federal Insurance Deposit Corporation (FDIC), which subsequently sold to the Systematic Important Banks. The failure of the Regional Banks sparked some fear in the asset market which drove Treasury yields lower and credit spreads wider. However, FDIC together with Federal Reserve Bank quickly came up with a solution by injecting liquidity to the banks and resolve the issue. Absence of credit event and corporate earnings continue to beat market expectation, risk assets continue to trade on soft landing/ high interest rate for long narrative which eventually cause UST yields to move up again.</p> <p>Come 3Q2023, UST department announced the 2H2023 funding requirement which surprised the market. The net supply of US government bond was estimated at USD1.8 trillion, caused long-term bond yields to move up significantly and yield curve less inverted compared to beginning of the year. Rate cut expectations in 2024 also reduced by 50bps (to 4.75%, from 4.25%) as the policy makers are still expecting moderate growth and sticky inflation.</p>
Market Outlook	<p>4Q2023 will continue to see yield curve bear steepening pressure as supply of United States Treasury (UST) outweighs demand. Investors are watching closely on Bank of Japan's (BoJ) interest rate policy as domestic inflation continue to stay hot and wages growth rose above long-term trend. The shift in BoJ policy will inject bond volatility to the market which may cause long-duration bonds to underperform. As interest rate stay high for long, it may slow down growth and impact credit market especially in the High Yield segment.</p>
Additional Information	<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 Amlslamic 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.

- | | |
|--|--|
| | <p>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.</p> |
|--|--|

Kuala Lumpur, Malaysia
AmFunds Management Berhad

19 October 2023

Independent auditors' report to the unit holders of AmTactical Bond

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AmTactical Bond ("the Fund"), which comprise the statement of financial position as at 31 August 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 46.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 August 2023, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

**Independent auditors' report to the unit holders of
AmTactical Bond (cont'd.)**

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

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

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

Responsibilities of the Manager and the Trustees for the financial statements

The Manager is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative to do so.

The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditor's responsibilities for the audit of the financial statements

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

**Independent auditors' report to the unit holders of
AmTactical Bond (cont'd.)**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Independent auditors' report to the unit holders of
AmTactical Bond (cont'd.)**

Other matters

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds issued by Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ng Sue Ean
No. 03276/07/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
19 October 2023

AmTactical Bond

STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2023

	Note	2023 RM	2022 RM
ASSETS			
Investments	4	40,916,351	55,366,788
Amount due from Manager	5(a)	4,675	-
Deposits with licensed financial institutions	6	10,018,547	1,944,120
Tax recoverable		-	17,398
Other receivable		18,258	-
Cash at banks		155,250	2,261,994
TOTAL ASSETS		<u>51,113,081</u>	<u>59,590,300</u>
LIABILITIES			
Derivative liability	7	-	55,297
Amount due to Manager	5(b)	98,000	140,108
Amount due to Trustee	8	2,610	3,080
Tax payable		58,507	-
Sundry payables and accruals		12,899	15,297
TOTAL LIABILITIES		<u>172,016</u>	<u>213,782</u>
NET ASSET VALUE (“NAV”) OF THE FUND		<u>50,941,065</u>	<u>59,376,518</u>
EQUITY			
Unit holders’ capital	10(a)	64,978,924	70,502,107
Accumulated losses	10(b)(c)	(14,037,859)	(11,125,589)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	10	<u>50,941,065</u>	<u>59,376,518</u>
UNITS IN CIRCULATION			
- Class B (MYR)	10(a)	<u>51,468,660</u>	<u>57,072,898</u>
NAV PER UNIT (RM)			
- Class B (MYR)		<u>0.9897</u>	<u>1.0404</u>

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

AmTactical Bond

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

	Note	2023 RM	2022 RM
INVESTMENT LOSSES			
Interest income		2,263,040	3,220,781
Net losses from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	9	(4,118,455)	(10,701,500)
Other net realised (loss)/gain on foreign currency exchange		<u>(227,487)</u>	<u>104,768</u>
		<u>(2,082,902)</u>	<u>(7,375,951)</u>
EXPENDITURE			
Manager’s fee	5	(526,045)	(741,361)
Trustee’s fee	8	(31,563)	(44,482)
Audit fee		(8,000)	(8,000)
Tax agent’s fee		(4,100)	(4,100)
Custodian’s fee		(6,359)	(7,927)
Other expenses		<u>(12,988)</u>	<u>(4,794)</u>
		<u>(589,055)</u>	<u>(810,664)</u>
Net losses before taxation		(2,671,957)	(8,186,615)
Taxation	12	<u>(240,313)</u>	<u>(63,561)</u>
Net losses after taxation, representing total comprehensive losses for the financial year		<u>(2,912,270)</u>	<u>(8,250,176)</u>
Total comprehensive losses comprises the following:			
Realised (loss)/income		(11,187,427)	664,255
Unrealised gain/(loss)		<u>8,275,157</u>	<u>(8,914,431)</u>
		<u>(2,912,270)</u>	<u>(8,250,176)</u>
Distributions for the financial year			
Net distributions	13	<u>-</u>	<u>808,058</u>
Gross distributions per unit (sen)	13	<u>-</u>	<u>1.17</u>
Net distributions per unit (sen)	13	<u>-</u>	<u>1.17</u>

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

AmTactical Bond

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

	Note	Unit holders' capital RM	Accumulated losses RM	Total equity RM
At 1 September 2022		70,502,107	(11,125,589)	59,376,518
Total comprehensive loss for the financial year			(2,912,270)	(2,912,270)
Creation of units	10(a)	4,234,769	-	4,234,769
Cancellation of units	10(a)	(9,757,952)	-	(9,757,952)
Balance at 31 August 2023		<u>64,978,924</u>	<u>(14,037,859)</u>	<u>50,941,065</u>
At 1 September 2021		92,719,642	(2,067,355)	90,652,287
Total comprehensive loss for the financial year		-	(8,250,176)	(8,250,176)
Creation of units	10(a)	9,392,309	-	9,392,309
Reinvestment of distributions	10(a),13	808,058	-	808,058
Cancellation of units	10(a)	(32,417,902)	-	(32,417,902)
Distributions	13	-	(808,058)	(808,058)
Balance at 31 August 2022		<u>70,502,107</u>	<u>(11,125,589)</u>	<u>59,376,518</u>

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

AmTactical Bond

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

	Note	2023 RM	2022 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES			
Proceeds from sale of investments		55,066,034	29,575,259
Purchase of investments		(44,662,325)	(16,189,029)
Net settlement from derivative contracts		(773,613)	233,750
Interest received		2,663,883	3,496,045
Manager's fee paid		(531,466)	(770,188)
Trustee's fee paid		(32,033)	(46,103)
Tax agent's fee paid		(4,100)	(4,100)
Custodian's fee paid		(6,359)	(7,927)
Tax paid		(164,408)	(80,959)
Payments for other expenses		(23,386)	(13,226)
Net cash generated from operating and investing investing activities		<u>11,532,227</u>	<u>16,193,522</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		4,230,095	9,471,506
Payments for cancellation of units		(9,794,639)	(32,756,939)
Net cash used in financing activities		<u>(5,564,544)</u>	<u>(23,285,433)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,967,683	(7,091,911)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>4,206,114</u>	<u>11,298,025</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		<u>10,173,797</u>	<u>4,206,114</u>
Cash and cash equivalents comprise:			
Deposits with licensed financial institutions	6	10,018,547	1,944,120
Cash at banks		155,250	2,261,994
		<u>10,173,797</u>	<u>4,206,114</u>

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

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

1. GENERAL INFORMATION

AmTactical Bond (“the Fund”) was established pursuant to a Deed dated 23 March 2012 as amended by Deeds supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, Deutsche Trustees Malaysia Berhad as the Trustee and all unit holders.

The Fund aims to provide income and to a lesser extent capital appreciation by investing primarily in bonds. As provided in the Deed, the financial year shall end on 31 August. The units in the Fund for Class B (MYR) were first offered for sale on 29 October 2012, while Class A (USD), Class B (AUD) and Class B (SGD) were first offered for sales on 16 July 2014. There were no units in circulation for Class A (USD), Class B (AUD) and Class B (SGD) since its offer date and those units were terminated on 31 August 2018.

The financial statements were authorised for issue by the Manager on 19 October 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 year

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

Description	Effective for financial periods beginning on or after
Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018-2020” Reference to the Conceptual Framework (Amendments to MFRS 3 <i>Business Combinations</i>)*	1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 <i>Property, Plant and Equipment</i>)*	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>)	1 January 2022
Extension of the Temporary Exemption from applying MFRS 9 (Amendments to MFRS 4 <i>Insurance Contracts</i>)*	1 January 2022

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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
<i>MFRS 17 Insurance Contracts and Amendments to MFRS 17*</i>	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contracts)*	1 January 2023
<i>Amendments to MFRS 101 Presentation of Financial Statements:</i> Classification of Liabilities as Current or Non-Current	1 January 2023
<i>Amendments to MFRS 101 Presentation of Financial Statements:</i> Disclosure of Accounting Policies	1 January 2023
<i>Amendments to MFRS 108 Accounting policies, Changes in Accounting</i> Estimates and Errors: Definition of Accounting Estimates	1 January 2023
<i>Amendments to MFRS 112 Income Taxes: Deferred Tax related to</i> <i>Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 Leases: Lease Liability in a Sale and <i>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: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

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

3.1 Income recognition (cont'd.)

(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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

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

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. 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 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

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

3.8 Financial assets – initial recognition and measurement (cont'd.)

(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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

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

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

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.

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, amounts due from brokers/financial institutions, amount due from Manager and other receivables.

Financial assets at FVOCI

A financial asset is measured at fair value through other comprehensive income ("FVOCI") if its business model is both to hold the asset to collect contractual cash flows and to sell the financial asset. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal.

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

3. SUMMARY OF SIGNIFICANT 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: (cont'd.)

Financial assets at FVOCI (cont'd.)

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 separately 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

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

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 YEAR ENDED 31 AUGUST 2023**

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

3.14 Determination of fair value

For investments in local 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. 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.

The fair value of foreign exchange - forward contracts is calculated by reference to prevailing forward exchange rates for contracts with similar maturity profiles in the market. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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 year.

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 year.

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

4. INVESTMENTS

	2023 RM	2022 RM
Financial assets at FVTPL		
Fixed income securities - local	26,890,671	28,118,067
Fixed income securities - foreign	14,025,680	27,248,721
	<u>40,916,351</u>	<u>55,366,788</u>

Details of investments as at 31 August 2023 are as follows:

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Fixed income securities - local						
Corporate bonds						
28.08.2026	MTT Shipping Sdn. Bhd.	AA	1,000,000	1,000,275	1,000,286	1.96
19.03.2027	IJM Land Berhad	A	2,000,000	2,093,705	2,051,806	4.11
11.11.2027	Petroleum Sarawak Exploration & Production Sdn. Bhd.	AAA	1,000,000	1,054,957	1,017,532	2.07
16.11.2027	Dialog Group Berhad	A	2,500,000	2,460,549	2,530,699	4.83
20.04.2028	UMW Holdings Berhad	AA	3,600,000	3,956,300	3,683,924	7.77
03.05.2028	UDA Holdings Berhad	AA	200,000	205,402	203,729	0.40
05.05.2028	GENM Capital Berhad	AA	700,000	714,378	711,571	1.40
11.11.2036	YTL Corporation Berhad	AA	2,000,000	2,109,688	2,045,455	4.14
02.06.2037	TNB Power Generation Sdn. Bhd.	AAA	250,000	273,633	253,148	0.54

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 August 2023 are as follows: (cont'd.)

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Fixed income securities - local (cont'd.)						
Corporate bonds (cont'd.)						
05.01.2038	Edra Energy Sdn. Bhd.	AA	5,000,000	6,000,812	5,207,047	11.78
02.06.2042	TNB Power Generation Sdn. Bhd.	AAA	500,000	558,782	506,482	1.10
06.10.2042	Solarpack Suria Sungai Petani Sdn. Bhd.	AA	1,000,000	1,054,897	1,032,566	2.07
Total in corporate bonds			19,750,000	21,483,378	20,244,245	42.17
Government securities						
07.11.2033	Government of Malaysia	NR*	5,000,000	5,407,293	5,400,602	10.61
Total in government securities			5,000,000	5,407,293	5,400,602	10.61
Total fixed income securities - local			24,750,000	26,890,671	25,644,847	52.78

Maturity date	Issuer	Credit rating	Nominal value USD	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Fixed income securities denominated in United States Dollar ("USD")						
Corporate bonds						
24.04.2025	Lenovo Group Limited	NR*	800,000	3,767,936	3,574,104	7.40
24.01.2027	GOHL Capital Limited	BBB	900,000	3,901,193	3,674,737	7.66

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 August 2023 are as follows: (cont'd.)

Maturity date	Issuer	Credit rating	Nominal value USD	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Fixed income securities - foreign (cont'd.)						
Fixed income securities denominated in United States Dollar ("USD") (cont'd.)						
Corporate bonds (cont'd.)						
27.12.2027	Lenovo Group Limited	BBB	300,000	1,383,111	1,344,461	2.72
29.01.2030	Xiaomi Best Time International Limited	BBB	500,000	1,912,557	2,085,667	3.75
Total corporate bonds denominated in USD			2,500,000	10,964,797	10,678,969	21.53
Government securities						
28.02.2025	United States of America	AA	700,000	3,060,883	3,078,607	6.01
Total government securities denominated in USD			700,000	3,060,883	3,078,607	6.01
Total fixed income securities - foreign			3,200,000	14,025,680	13,757,576	27.54
Total financial assets at FVTPL				40,916,351	39,402,423	80.32
Excess of fair value over adjusted cost				1,513,928		

* Non-Rated

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

4. INVESTMENTS (CONT'D.)

The weighted average effective yield on investments are as follows:

	Effective yield	
	2023	2022
	%	%
Fixed income securities - local		
- Corporate bonds	4.73	4.91
- Government securities	3.84	-
Fixed income securities - foreign		
- Corporate bonds denominated in USD	6.46	36.36
- Government securities denominated in USD	5.12	-

Analyses of the remaining maturity of investments as at 31 August 2023 and 31 August 2022 are as follows:

	1 year to 5 years RM	More than 5 years RM	
2023			
At nominal value:			
Corporate bonds	11,000,000	8,750,000	
Government securities	-	5,000,000	
	<u>11,000,000</u>	<u>13,750,000</u>	
2022			
At nominal value:			
Corporate bonds	3,000,000	23,850,000	
	<u>3,000,000</u>	<u>23,850,000</u>	
	Less than 1 year USD	1 year to 5 years USD	More than 5 years USD
2023			
At nominal value:			
Corporate bonds	-	2,000,000	500,000
Government securities	-	700,000	-
	<u>-</u>	<u>2,700,000</u>	<u>500,000</u>
2022			
At nominal value:			
Corporate bonds	2,150,000	1,200,000	4,400,000
	<u>2,150,000</u>	<u>1,200,000</u>	<u>4,400,000</u>

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

5. AMOUNT DUE FROM/TO MANAGER

	Note	2023 RM	2022 RM
(a) Due from Manager			
Creation of units	(i)	<u>4,675</u>	<u>-</u>
(b) Due to Manager			
Redemption of units	(ii)	48,827	85,514
Manager's fee payable	(iii)	<u>49,173</u>	<u>54,594</u>
		<u>98,000</u>	<u>140,108</u>

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

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

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

(iii) Manager's fee is at a rate of 1.00% (2022: 1.00%) per annum for Class B (MYR) on the NAV of the Fund, calculated on a daily basis.

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

6. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	2023 RM	2022 RM
At nominal value:		
Short-term deposits	<u>10,016,295</u>	<u>1,944,000</u>
At carrying value:		
Short-term deposits	<u>10,018,547</u>	<u>1,944,120</u>

Details of deposits with financial institutions are as follows:

Maturity date	Financial institutions	Nominal value RM	Carrying value RM	Carrying value as a percentage of NAV %
2023				
Short-term deposits				
01.09.2023	Malayan Banking Berhad	4,799,295	4,800,689	9.42
01.09.2023	Public Bank Berhad	<u>5,217,000</u>	<u>5,217,858</u>	<u>10.24</u>
		<u>10,016,295</u>	<u>10,018,547</u>	<u>19.66</u>

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

6. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS (CONT'D.)

The weighted average effective interest rate and weighted average remaining maturities of short-term deposits are as follows:

	Weighted average effective interest rate		Weighted average remaining maturity	
	2023	2022	2023	2022
	%	%	Day	Days
Short-term deposits	4.07	2.25	1	2

7. DERIVATIVE INSTRUMENT

Derivative instrument comprises forward currency contract. The forward currency contracts entered into during the previous financial year were for hedging the currencies exposure arising mainly from investments in the foreign unquoted fixed income securities denominated in United States Dollar ("USD"). As the Fund has not adopted hedge accounting during the previous financial year, the change in the fair value of the forward currency contract is recognised immediately in the statement of comprehensive income.

The table below shows the fair values 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 year.

Maturity date	Counterparty	Notional amount USD	Fair value derivatives liability RM	Fair value as a percentage of NAV %
2022 15.09.2022	CIMB Bank Berhad	2,000,000	(55,297)	(0.09)

8. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.06% (2022: 0.06%) per annum for Class B (MYR) on the NAV of the Fund, calculated on a daily basis, subject to a minimum fee of RM10,000 per annum.

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

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

9. NET LOSSES FROM INVESTMENTS

	2023	2022
	RM	RM
Net losses on financial assets at FVTPL comprised:		
- Net realised losses on sale of investments	(13,842,955)	(2,736,480)
- Net realised gains on foreign currency exchange	2,222,956	715,661
- Net realised (loss)/gain on settlement of derivative contract	(773,613)	233,750
- Net unrealised gain/(loss) on changes in fair value of investments	8,925,991	(10,435,667)
- Net unrealised (loss)/gain on foreign currency fluctuation of investments denominated in foreign currency	(706,131)	1,576,533
- Net unrealised gain/(loss) from revaluation of derivative contract	55,297	(55,297)
	<u>(4,118,455)</u>	<u>(10,701,500)</u>

10. TOTAL EQUITY

Total equity is represented by:

	Note	2023	2022
		RM	RM
Unit holders' capital	(a)	64,978,924	70,502,107
Accumulated losses			
- Realised losses	(b)	(15,551,787)	(4,364,360)
- Unrealised gain/(loss)	(c)	1,513,928	(6,761,229)
		<u>50,941,065</u>	<u>59,376,518</u>

(a) Unit holders' capital/units in circulation - Class B (MYR)

	2023		2022	
	Number of units	RM	Number of units	RM
At beginning of the financial year	57,072,898	70,502,107	77,518,762	92,719,642
Creation during the financial year	4,429,387	4,234,769	8,535,122	9,392,309
Reinvestment of distribution	-	-	729,887	808,058
Cancellation during the financial year	(10,033,625)	(9,757,952)	(29,710,873)	(32,417,902)
At end of the financial year	<u>51,468,660</u>	<u>64,978,924</u>	<u>57,072,898</u>	<u>70,502,107</u>

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

10. TOTAL EQUITY (CONT'D.)

(b) Realised

	2023 RM	2022 RM
At beginning of the financial year	(4,364,360)	(4,220,557)
Net realised (loss)/income for the financial year	(11,187,427)	664,255
Distributions out of realised income (Note 13)	-	(808,058)
At end of the financial year	<u>(15,551,787)</u>	<u>(4,364,360)</u>

(c) Unrealised – non-distributable

	2023 RM	2022 RM
At beginning of the financial year	(6,761,229)	2,153,202
Net unrealised gain/(loss) for the financial year	<u>8,275,157</u>	<u>(8,914,431)</u>
At end of the financial year	<u>1,513,928</u>	<u>(6,761,229)</u>

11. 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

There were no units held by the Manager or any related party as at 31 August 2023 and 31 August 2022.

12. TAXATION

	2023 RM	2022 RM
Local tax	<u>240,313</u>	<u>63,561</u>

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.

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

12. TAXATION (CONT'D.)

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 exempt 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 losses before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

	2023	2022
	RM	RM
Net losses before taxation	<u>(2,671,957)</u>	<u>(8,186,615)</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	(641,270)	(1,964,788)
Tax effects of:		
Income not subject to tax	(2,991,843)	(1,340,797)
Loss not allowed for tax deduction	3,732,053	3,174,587
Restriction on tax deductible expenses for unit trust fund	115,656	162,078
Non-permitted expenses for tax purposes	12,866	14,473
Permitted expenses not used and not available for future financial years	<u>12,851</u>	<u>18,008</u>
Tax expense for the financial year	<u>240,313</u>	<u>63,561</u>

13. DISTRIBUTION

No distribution has been declared to unit holders during the current financial year.

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

	2022
	RM
Interest income	1,083,394
Net realised gain on sale of investments	<u>171,963</u>
	1,255,357
Less: Expenses	<u>(447,299)</u>
Total amount of distribution	<u>808,058</u>
Gross distribution per unit (sen)	<u>1.17</u>
Net distribution per unit (sen)	<u>1.17</u>

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

13. DISTRIBUTION (CONT'D.)

	2022
	RM
Distribution made out of:	
- Realised income [Note 10(b)]	<u>808,058</u>
Comprising:	
Reinvestment of distribution [Note 10(a)]	<u>808,058</u>

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

Financial year ended 31 August 2022

Distribution Ex-date	Gross distribution per unit RM (sen)	Net distribution per unit RM (sen)	Total distribution RM
24 February 2022	<u>1.17</u>	<u>1.17</u>	<u>808,058</u>

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 year ended 31 August 2022 has been proposed before taking into account the net unrealised loss of RM8,914,431 arising during the financial year which is carried forward to the next financial year.

14. TOTAL EXPENSE RATIO ("TER")

The Fund's TER is as follows:

	2023	2022
	% p.a.	% p.a.
Manager's fee	1.00	1.00
Trustee's fee	0.06	0.06
Fund's other expenses	0.06	0.03
Total TER	<u>1.12</u>	<u>1.09</u>

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

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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 0.96 times (2022: 0.31 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 local fixed income instruments, including deposits with licensed financial institutions.

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 year.

	Foreign fixed income portfolio RM	Local fixed income portfolio RM	Total RM
2023			
Interest income	730,620	1,532,420	2,263,040
Net (loss)/gain from investments:			
- Financial assets at FVTPL	(5,061,621)	943,166	(4,118,455)
Other net realised loss on foreign currency exchange	(227,487)	-	(227,487)
Total segment investment (loss)/income for the financial year	<u>(4,558,488)</u>	<u>2,475,586</u>	<u>(2,082,902)</u>
Financial assets at FVTPL	14,025,680	26,890,671	40,916,351
Deposits with licensed financial institutions	4,800,689	5,217,858	10,018,547
Other receivable	18,258	-	18,258
Total segment assets	<u>18,844,627</u>	<u>32,108,529</u>	<u>50,953,156</u>
2022			
Interest income	1,640,666	1,580,115	3,220,781
Net losses from investments:			
- Financial assets at FVTPL	(9,343,427)	(1,358,073)	(10,701,500)
Other net realised gain on foreign currency exchange	104,768	-	104,768
Total segment investment income for the financial year	<u>(7,597,993)</u>	<u>222,042</u>	<u>(7,375,951)</u>

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

16. SEGMENTAL REPORTING (CONT'D.)

	Foreign fixed income portfolio RM	Local fixed income portfolio RM	Total RM
2022 (cont'd.)			
Financial assets at FVTPL	27,248,721	28,118,067	55,366,788
Deposit with a licensed financial institution	-	1,944,120	1,944,120
Total segment assets	<u>27,248,721</u>	<u>30,062,187</u>	<u>57,310,908</u>

There were no segment liabilities as at 31 August 2023 and 31 August 2022.

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 losses and net losses after taxation:

	2023 RM	2022 RM
Net reportable segment investment losses	(2,082,902)	(7,375,951)
Less: Expenses	<u>(589,055)</u>	<u>(810,664)</u>
Net losses before taxation	(2,671,957)	(8,186,615)
Taxation	<u>(240,313)</u>	<u>(63,561)</u>
Net losses after taxation	<u>(2,912,270)</u>	<u>(8,250,176)</u>

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.

	2023 RM	2022 RM
Total segment assets	50,953,156	57,310,908
Amount due from Manager	4,675	-
Tax recoverable	-	17,398
Cash at banks	155,250	2,261,994
Total assets of the Fund	<u>51,113,081</u>	<u>59,590,300</u>
Derivative liability	-	55,297
Amount due to Manager	98,000	140,108
Amount due to Trustee	2,610	3,080
Tax payable	58,507	-
Sundry payables and accruals	12,899	15,297
Total liabilities of the Fund	<u>172,016</u>	<u>213,782</u>

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

17. TRANSACTIONS WITH BROKERS AND FINANCIAL INSTITUTIONS

Details of transactions with brokers and financial institutions for the financial year ended 31 August 2023 are as follows:

Brokers/Financial institutions	Transaction value	
	RM	%
AmBank (M) Berhad*	28,328,816	28.01
CIMB Bank Berhad	27,312,525	27.01
JP Morgan Securities Ltd London	14,179,670	14.02
Mitsubishi UFJ Trust International Limited	7,256,530	7.18
RHB Investment Bank Berhad	6,514,844	6.44
Standard Chartered Bank	5,524,666	5.46
HSBC Bank Malaysia Berhad	3,687,812	3.65
Malayan Banking Berhad	3,227,700	3.19
Hong Leong Bank Berhad	3,146,478	3.11
Merrill Lynch Int Ltd (London)	1,956,431	1.93
Total	<u>101,135,472</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.

18. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2023				
Assets				
Investments	40,916,351	-	-	40,916,351
Amount due from Manager		4,675		4,675
Deposits with licensed financial institutions		10,018,547		10,018,547

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

18. FINANCIAL INSTRUMENTS (CONT'D.)

(a) Classification of financial instruments (cont'd.)

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2023 (cont'd.)				
Assets (cont'd.)				
Other receivable	18,258	-	-	18,258
Cash at banks	-	155,250	-	155,250
Total financial assets	<u>40,934,609</u>	<u>10,178,472</u>	<u>-</u>	<u>51,113,081</u>
Liabilities				
Amount due to Manager	-	-	98,000	98,000
Amount due to Trustee	-	-	2,610	2,610
Total financial liabilities	<u>-</u>	<u>-</u>	<u>100,610</u>	<u>100,610</u>
2022				
Assets				
Investments	55,366,788	-	-	55,366,788
Deposit with a licensed financial institution	-	1,944,120	-	1,944,120
Cash at banks	-	2,261,994	-	2,261,994
Total financial assets	<u>55,366,788</u>	<u>4,206,114</u>	<u>-</u>	<u>59,572,902</u>
Liabilities				
Derivative liability	55,297	-	-	55,297
Amount due to Manager	-	-	140,108	140,108
Amount due to Trustee	-	-	3,080	3,080
Total financial liabilities	<u>55,297</u>	<u>-</u>	<u>143,188</u>	<u>198,485</u>
Income, expenses, gains and losses				
2023 2022				
RM RM				
Net losses from financial assets at FVTPL			(4,118,455)	(10,701,500)
Income, of which derived from:				
– Interest income from financial assets at FVTPL			2,132,790	3,143,418
– Interest income from financial assets at amortised cost			130,250	77,363
– Other net realised (loss)/gain on foreign currency exchange			(227,487)	104,768
			<u>(227,487)</u>	<u>104,768</u>

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

18. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments that are carried at fair value

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

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

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable; either directly or indirectly; or
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Financial assets at FVTPL				
– Investments	-	40,916,351	-	40,916,351
	<hr/>	<hr/>	<hr/>	<hr/>
2022				
Financial assets at FVTPL				
– Investments	-	55,366,788	-	55,366,788
	<hr/>	<hr/>	<hr/>	<hr/>

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

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

- Amount due from/to Manager
- Deposits with licensed financial institutions
- Cash at banks
- Amount due to Trustee

There are no financial instruments which are not carried at fair value and whose carrying amounts are not reasonable approximation of their respective fair value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

19. 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 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.

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.

The result below summarised the interest rate sensitivity of the Fund's NAV, or theoretical value due to the parallel movement assumption of the yield curve by +100bps and -100bps respectively.

Parallel shift in yield curve by:	Sensitivity of the Fund's NAV, or theoretical value	
	2023 RM	2022 RM
+100bps	(2,048,676)	(3,400,365)
-100bps	2,400,959	3,964,517

(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.

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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

(a) Market risk (cont'd.)

(ii) Currency risk (cont'd.)

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

Percentage movements in currencies other than the Fund's functional currency:	Sensitivity of the Fund's NAV	
	2023 RM	2022 RM
-5.00%	(944,869)	(1,470,512)
+5.00%	944,869	1,470,512
	<u>944,869</u>	<u>1,470,512</u>

The net unhedged financial assets of the Fund that are not denominated in Fund's functional currency are as follows:

Assets denominated in	2023		2022	
	RM equivalent	% of NAV	RM equivalent	% of NAV
Euro Dollar				
Cash at bank	<u>54</u>	<u>-*</u>	<u>-</u>	<u>-</u>
United States Dollar				
Investment	14,025,680	27.54	27,248,721	45.89
Deposits with licensed financial institutions	4,800,690	9.42	-	-
Cash at bank	<u>52,702</u>	<u>0.10</u>	<u>2,161,517</u>	<u>3.65</u>
	<u>18,879,072</u>	<u>37.06</u>	<u>29,410,238</u>	<u>49.54</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 invests in fixed income and money market instruments. As such the Fund would be 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.

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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

(b) Credit risk (cont'd.)

(i) Credit quality of financial assets

The following table analyses the Fund's portfolio of debt securities by rating category as at 31 August 2023 and 31 August 2022:

Credit rating	RM	As a % of debt securities	As a % of NAV
2023			
AAA	1,887,372	4.61	3.71
AA	18,102,635	44.25	35.53
A	4,554,254	11.13	8.94
BBB	7,196,861	17.59	14.13
NR	9,175,229	22.42	18.01
	<u>40,916,351</u>	<u>100.00</u>	<u>80.32</u>
2022			
AAA	12,106,423	21.86	20.39
AA	16,935,806	30.59	28.52
A	7,539,046	13.62	12.70
BBB	8,563,788	15.47	14.42
BB	6,563,870	11.85	11.06
NR	3,657,855	6.61	6.16
	<u>55,366,788</u>	<u>100.00</u>	<u>93.25</u>

For deposits with licensed financial institutions, the Fund only makes placements with financial institutions with sound rating. The following table presents the Fund's portfolio of deposits by rating category as at 31 August 2023 and 31 August 2022:

Credit rating	RM	As a % of deposits	As a % of NAV
2023			
P1/MARC-1	<u>10,018,547</u>	<u>100.00</u>	<u>19.67</u>
2022			
P1/MARC-1	<u>1,944,120</u>	<u>100.00</u>	<u>3.27</u>

Cash at banks are held for liquidity purposes and are not exposed to significant credit risk.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

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

(b) Credit risk (cont'd.)

(ii) Credit risk concentration

Concentration of risk is monitored and managed based on sectorial distribution. The table below analyses the Fund's portfolio of debt securities by sectorial distribution as at 31 August 2023 and 31 August 2022:

Sector	RM	As a % of debt securities	As a % of NAV
2023			
Consumer discretionary	4,670,678	11.42	9.17
Data processing	5,151,047	12.59	10.12
Energy and utilities	13,513,318	33.03	26.53
Financial services	8,874,633	21.69	17.42
Public administration	5,407,293	13.21	10.61
Real estate	2,299,107	5.62	4.51
Transportation and storage	1,000,275	2.44	1.96
	<u>40,916,351</u>	<u>100.00</u>	<u>80.32</u>
2022			
Diversified holdings	7,970,324	14.39	13.42
Financial services	15,346,919	27.72	25.85
Information technology	5,884,804	10.63	9.91
Infrastructure and utilities	16,669,624	30.11	28.07
Mining and petroleum	4,427,188	8.00	7.46
Real estate	5,067,929	9.15	8.54
	<u>55,366,788</u>	<u>100.00</u>	<u>93.25</u>

(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.

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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

(c) Liquidity risk (cont'd.)

The following table presents the undiscounted contractual cash flows from different asset and liability classes in the Fund:

	Contractual cash flows (undiscounted)					
	0 – 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM	More than 5 years RM
2023						
Financial assets						
Investments	1,940,360	8,909,432	2,697,777	7,730,421	10,624,071	22,865,718
Amount due from Manager	4,675	-	-	-	-	-
Deposits with licensed financial institutions	10,018,547	-	-	-	-	-
Other receivable	18,258	-	-	-	-	-
Cash at banks	155,250	-	-	-	-	-
Total assets	12,137,090	8,909,432	2,697,777	7,730,421	10,624,071	22,865,718
Financial liabilities						
Amount due to Manager	98,000	-	-	-	-	-
Amount due to Trustee	2,610	-	-	-	-	-
Tax payable	58,507	-	-	-	-	-
Sundry payables and accruals	12,899	-	-	-	-	-
Total liabilities	172,016	-	-	-	-	-

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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

(c) Liquidity risk (cont'd.)

The following table presents the undiscounted contractual cash flows from different asset and liability classes in the Fund: (cont'd.)

	Contractual cash flows (undiscounted)					
	0 – 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM	More than 5 years RM
2022						
Financial assets						
Investments	12,515,817	2,368,751	6,827,783	3,004,934	5,061,528	54,393,794
Deposit with a licensed financial institution	1,944,240	-	-	-	-	-
Tax recoverable	17,398	-	-	-	-	-
Cash at banks	2,261,994	-	-	-	-	-
Total assets	16,739,449	2,368,751	6,827,783	3,004,934	5,061,528	54,393,794
Financial liabilities						
Derivative liability	55,297	-	-	-	-	-
Amount due to Manager	140,108	-	-	-	-	-
Amount due to Trustee	3,080	-	-	-	-	-
Sundry payables and accruals	15,297	-	-	-	-	-
Total liabilities	213,782	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

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

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

20. CAPITAL MANAGEMENT

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

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

No changes were made in the objective, policies or processes during the financial years ended 31 August 2023 and 31 August 2022.

AmTactical 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 and International Financial Reporting Standards so as to give a true and fair view of the financial position of AmTactical Bond (“the Fund”) as at 31 August 2023 and the comprehensive income, the changes in equity and cash flows for the financial year then ended.

For and on behalf of the Manager

GOH WEE PENG

Executive Director

Kuala Lumpur, Malaysia

19 October 2023

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AMTACTICAL BOND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 August 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 year covered by these financial statements in accordance with the following:-

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

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Fund Operations

Sylvia Beh
Chief Executive Officer

Kuala Lumpur
19 October 2023

DIRECTORY

Head Office

9th & 10th Floor, Bangunan AmBank Group
55, Jalan Raja Chulan, 50200 Kuala Lumpur
Tel: (03) 2032 2888 Facsimile: (03) 2031 5210
Email: enquiries@aminvest.com

Postal Address

AmFunds Management Berhad
P.O Box 13611, 50816 Kuala Lumpur

*For enquiries about this or any of the other Funds offered by AmFunds Management Berhad
Please call 2032 2888 between 8.45 a.m. to 5.45 p.m. (Monday to Thursday),
Friday (8.45 a.m. to 5.00 p.m.)*

