

Semi-Annual Report for

AmTactical Bond

29 February 2024



AmInvest

Growing Your Investments in a Changing World

TRUST DIRECTORY

Manager

AmFunds Management Berhad
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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

Deutsche Trustees Malaysia Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

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MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the unaudited accounts of AmTactical Bond ("Fund") for the financial period from 1 September 2023 to 29 February 2024.

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 29 February 2024 and for the past three financial years are as follows:					
		As at 29.02.2024 %	As at 31 August			
			2023 %	2022 %	2021 %	
	Commercial papers	0.75	-	-	-	
	Local corporate bonds	48.10	42.17	47.36	39.12	
	Foreign corporate bonds	10.46	21.53	34.97	48.91	
	Foreign Government bonds	17.94	6.01	10.92	-	
	Malaysian Government Securities	-	10.61	-	-	
	Forward contract	-	-	-0.09	-	
	Money market deposits and cash equivalents	22.75	19.68	6.84	11.97	
Total	100.00	100.00	100.00	100.00		
	<i>Note: The abovementioned percentages are calculated based on total net asset value.</i>					
Performance Details	Performance details of the Fund for the financial period ended 29 February 2024 and three financial years ended 31 August are as follows:					
		FPE 29.02.2024	FYE 2023	FYE 2022	FYE 2021	
	Net asset value (RM)	53,007,038	50,941,065	59,376,518	90,652,287	
	Units in circulation	51,831,906	51,468,660	57,072,898	77,518,762	
	Net asset value per unit (RM)	1.0227	0.9897	1.0404	1.1694	
	Highest net asset value per unit (RM)	1.0264	1.0342	1.1719	1.2057	
	Lowest net asset value per unit (RM)	0.9908	0.9238	0.9978	1.1694	
	Benchmark performance (%)	2.24	5.54	-0.39	-0.41	
	Total return (%) ⁽¹⁾	3.33	-4.68	-10.27	2.60	
	- Capital growth (%)	3.33	-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⁾	0.56	1.12	1.09	1.10	
	Portfolio turnover ratio (times) ⁽³⁾	0.37	0.96	0.31	0.56	
		<i>Note:</i>				
		<i>(1) Total return is the actual return of the Fund for the respective financial period/years computed based on the net asset value per unit and net of all fees.</i>				
		<i>(2) Total expense ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis.</i>				
	<i>(3) Portfolio turnover ratio ("PTR") is calculated based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis.</i>					

Average Total Return (as at 29 February 2024)

Class B (MYR)	AmTactical Bond^(a) %	All MGS^(b) %
One year	7.68	4.86
Three years	-3.55	2.87
Five years	0.68	4.25
Ten years	3.54	4.33

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.

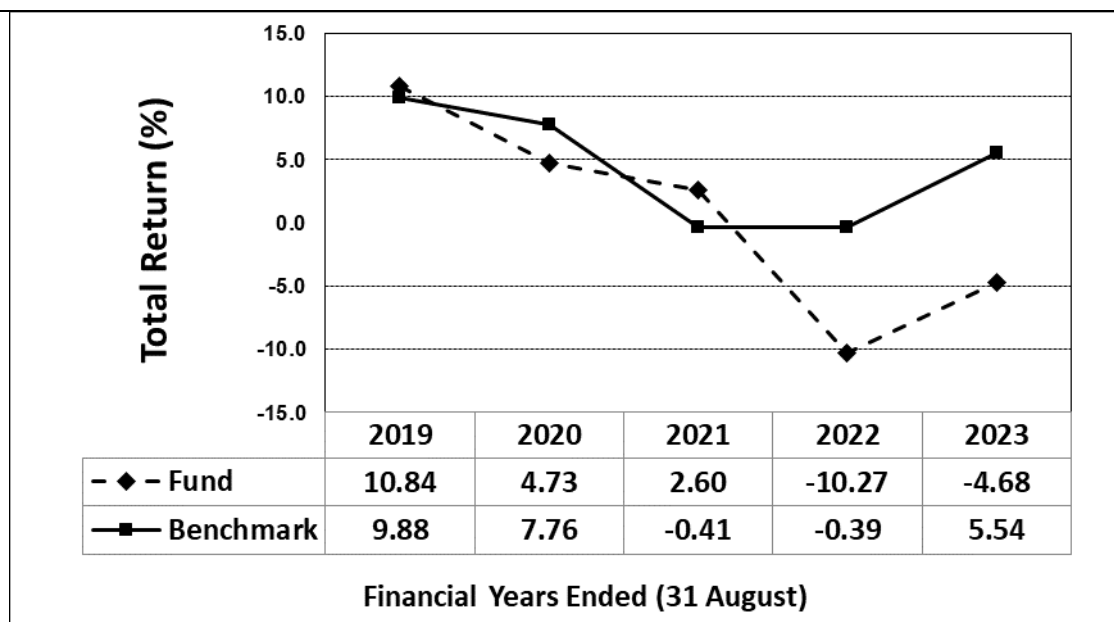
Fund Performance**Class B (MYR)**

For the financial period under review, the Fund registered a return of 3.33% which is entirely capital growth in nature.

Thus, the Fund's return of 3.33% outperformed the benchmark's return of 2.24% by 1.09%.

As compared with the financial year ended 31 August 2023, the net asset value ("NAV") per unit of the Fund increased by 3.33% from RM0.9897 to RM1.0227, while units in circulation increased by 0.71% from 51,468,660 units to 51,831,906 units.

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 period 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 29 February 2024 and 31 August 2023.

	As at 29.02.2024 %	As at 31.08.2023 %	Changes %
Commercial papers	0.75	-	0.75
Local corporate bonds	48.10	42.17	5.93
Foreign corporate bonds	10.46	21.53	-11.07
Foreign Government bonds	17.94	6.01	11.93
Malaysian Government Securities	-	10.61	-10.61
Money market deposits and cash equivalents	22.75	19.68	3.07
Total	100.00	100.00	

For the financial period under review, the Fund invested 10.46% of NAV in foreign corporate bonds, 48.10% in local corporate bonds, 17.94% in foreign Government bond, and the balance of 22.75% 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 period under review.
Distribution/ unit splits	There is no income distribution and unit split declared for the financial period 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 period under review.
Rebates and Soft Commission	During the period, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.
Market Review	<p>The Malaysian Government Securities (MGS) saw yields rose across the curve in the month of September and October 2023 as the local bond market took cue from the selloff in the United States Treasuries (UST) during the same period. Much of the movement was due to the more hawkish “higher for longer” guidance from the United States (US) Federal Reserve (Fed). 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. However, the sentiment in the local bond market swiftly shifted to a positive stance in November 2023, buoyed by rally in UST on the back of a slew of underwhelming macro data releases and the Israel-Hamas crisis. The local bond market rally extended into the month of December albeit at a lower magnitude after the strong rally in November, tracking UST movements which were driven by aggressive pricing for rate cuts in 2024 following dovish guidance from the last Federal Open Market Committee (FOMC) of the year.</p> <p>Amid profit taking following the strong year-end rally and cautious move ahead of US non-farm payroll data announcement, the local bond market kicked start the year with a sell-down. Following stronger US economic data and hawkish Federal Reserve member’s comments, the local market traded sideways, and turned 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 Fed pushed back on dovish market expectations of US rate cuts following the 31 January FOMC meeting, coupled by the strong US jobs data and higher than expected US inflation prints, the local bond market saw some sell-down in 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 February 2024.</p>
Market Outlook	<p>In the absence of any catalyst on both domestic and foreign fronts, the bond market will trade range bound until there is clarity on the direction of US Fed. We anticipate Bank Negara Malaysia (BNM) to hold the Overnight Policy Rate (OPR) at 3.0% in the absence of any inflationary pressures or economic slowdown. Should the US Fed embark on interest rate easing, sentiments in the local bond market will correspondingly turn bullish and given that this is expected to happen in 2024, we remain overweight on duration against benchmark.</p> <p>We prefer corporate bonds over government bonds on better relative valuation. Government bond yields have compressed considerably since the end of 2023 and are deemed to be unattractive. Corporate credit spreads are expected to tighten further and offer better potential for trading play and yield pickup.</p>

Additional Information

The following information was updated:

- 1) Mr Tai Terk Lin, an Independent Non-Executive Director of AmFunds Management Berhad ('AFM'), has retired from the Board and the Fund Management Division's Audit and Risk Management Committee with effect from 15 December 2023.
- 2) Mdm Jas Bir Kaur A/P Lol Singh, an Independent Non-Executive Director of AFM, has resigned as the Chairperson of the Investment Committee and has been appointed as a member of the Fund Management Division's Audit and Risk Management Committee with effect from 15 December 2023.
- 3) Mr Arnold Lim Boon Lay has been appointed as an Independent Non-Executive Director of AFM and the Chairman of the Investment Committee with effect from 15 December 2023.
- 4) The Eleventh Supplementary Master Prospectus 1 March 2024 has been registered with the Securities Commission Malaysia. Notice of the issuance for the Eleventh Supplementary Master Prospectus dated 1 March 2024 has been published on our website at www.aminvest.com and sent to the Unit Holders on 13 March 2024.

Kuala Lumpur, Malaysia
AmFunds Management Berhad

18 April 2024

AmTactical Bond

STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2024

		29.02.2024 (unaudited) RM	31.08.2023 (audited) RM
ASSETS			
Investments	4	40,947,045	40,916,351
Amount due from Manager	5(a)	87,604	4,675
Deposits with licensed financial institutions	6	11,670,446	10,018,547
Tax recoverable		24,564	-
Interest receivable		-	18,258
Cash at banks		337,927	155,250
TOTAL ASSETS		<u>53,067,586</u>	<u>51,113,081</u>
LIABILITIES			
Amount due to Manager	5(b)	45,704	98,000
Amount due to Trustee	7	2,522	2,610
Tax payable		-	58,507
Sundry payables and accruals		12,322	12,899
TOTAL LIABILITIES		<u>60,548</u>	<u>172,016</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>53,007,038</u>	<u>50,941,065</u>
EQUITY			
Unit holders' capital	9(a)	65,359,194	64,978,924
Accumulated losses	9(b)(c)	(12,352,156)	(14,037,859)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	9	<u>53,007,038</u>	<u>50,941,065</u>
UNITS IN CIRCULATION			
- Class B(MYR)	9(a)	<u>51,831,906</u>	<u>51,468,660</u>
NAV PER UNIT (RM)			
- Class B(MYR)		<u>1.0227</u>	<u>0.9897</u>

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

AmTactical Bond

STATEMENT OF COMPREHENSIVE INCOME *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

		01.09.2023 to 29.02.2024	01.09.2022 to 28.02.2023
	Note	RM	RM
INVESTMENT INCOME/(LOSS)			
Interest income		1,264,426	1,070,898
Net gain/(loss) from investments:			
- Financial assets at fair value through profit or loss ("FVTPL")	8	635,046	(5,292,304)
Other net realised gain/(loss) on foreign currency exchange		104,972	(414,153)
		<u>2,004,444</u>	<u>(4,635,559)</u>
EXPENDITURE			
Manager's fee	5	(257,482)	(263,517)
Trustee's fee	7	(15,449)	(15,811)
Audit fee		(3,970)	(3,956)
Tax agent's fee		(2,039)	(2,033)
Custodian's fee		(2,093)	(2,859)
Other expenses		(9,047)	(3,671)
		<u>(290,080)</u>	<u>(291,847)</u>
Net income/(loss) before taxation		1,714,364	(4,927,406)
Taxation	11	<u>(28,661)</u>	<u>(125,019)</u>
Net income/(loss) after taxation, representing total comprehensive income/(loss) for the financial period		<u>1,685,703</u>	<u>(5,052,425)</u>
Total comprehensive income/(loss) comprises the following:			
Realised income/(loss)		844,384	(11,060,200)
Unrealised gains		841,319	6,007,775
		<u>1,685,703</u>	<u>(5,052,425)</u>

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

AmTactical Bond

STATEMENT OF CHANGES IN EQUITY *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

	Note	Unit holders' capital RM	Accumulated losses RM	Total equity RM
At 1 September 2023		64,978,924	(14,037,859)	50,941,065
Total comprehensive income for the financial period		-	1,685,703	1,685,703
Creation of units	9(a)	3,605,826	-	3,605,826
Cancellation of units	9(a)	(3,225,556)	-	(3,225,556)
Balance at 29 February 2024		<u>65,359,194</u>	<u>(12,352,156)</u>	<u>53,007,038</u>
At 1 September 2022		70,502,107	(11,125,589)	59,376,518
Total comprehensive loss for the financial period		-	(5,052,425)	(5,052,425)
Creation of units		2,398,310	-	2,398,310
Cancellation of units		(5,131,070)	-	(5,131,070)
Balance at 28 February 2023		<u>67,769,347</u>	<u>(16,178,014)</u>	<u>51,591,333</u>

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

AmTactical Bond

STATEMENT OF CASH FLOWS (Unaudited) FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

	01.09.2023 to 29.02.2024 RM	01.09.2022 to 28.02.2023 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	19,666,799	12,945,523
Purchases of investments	(18,837,317)	(11,154,131)
Net settlement from derivative contracts	(213,000)	(495,000)
Interest received	1,375,526	1,332,455
Manager's fee paid	(261,736)	(272,060)
Trustee's fee paid	(15,537)	(16,477)
Custodian's fee paid	(2,093)	(2,859)
Tax paid	(111,732)	(34,404)
Payments for other expenses	(15,633)	(5,168)
Net cash generated from operating and investing activities	<u>1,585,277</u>	<u>2,297,879</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	3,522,897	2,398,310
Payments for cancellation of units	(3,273,598)	(5,083,636)
Net cash generated from/(used in) financing activities	<u>249,299</u>	<u>(2,685,326)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,834,576	(387,447)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>10,173,797</u>	<u>4,206,114</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>12,008,373</u>	<u>3,818,667</u>
Cash and cash equivalents comprise:		
Deposits with licensed financial institutions	11,670,446	3,285,248
Cash at banks	337,927	533,419
	<u>12,008,373</u>	<u>3,818,667</u>

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

1. GENERAL INFORMATION

AmTactical Bond (the “Fund”) was established pursuant to a Deed dated 23 March 2012 as amended by the Deeds supplemental thereto (the “Deeds”), 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 Deeds, 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 18 April 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</i> (Amendments to MFRS 17 <i>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

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

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

Standards issued but not yet effective

The standards and amendments to standards that have been issued but not yet effective up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new pronouncements, if applicable, when they become effective.

Description	Effective for financial periods beginning on or after
Amendments to MFRS 16 <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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024**

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

3.1 Income recognition (cont'd.)

- (ii) Gain or loss on disposal of investments

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

3.2 Income tax

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

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

3.3 Functional and presentation currency

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

3.4 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024**

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

3.6 Distribution

Distribution is at the discretion of the Manager. A distribution to the Fund's unit holders is accounted for as a deduction from 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.

(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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024**

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

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.

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 SEPTEMBER 2023 TO 29 FEBRUARY 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 deposits with licensed financial institutions, cash at banks, amount due from Target Fund Manager, amount due from Manager, amount due from brokers/financial institutions, dividend/distribution receivables and other 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 SEPTEMBER 2023 TO 29 FEBRUARY 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 holders. 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 SEPTEMBER 2023 TO 29 FEBRUARY 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 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 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.

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

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

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

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

4. INVESTMENTS

	29.02.2024 RM	31.08.2023 RM
Financial assets at FVTPL		
Fixed income securities - local	25,893,061	26,890,671
Fixed income securities - foreign	15,053,984	14,025,680
	<u>40,947,045</u>	<u>40,916,351</u>

Details of investments as at 29 February 2024 are as follows:

Maturity date	Issuer	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.	1,000,000	1,006,473	1,000,143	1.90
19.03.2027	IJM Land Berhad	2,000,000	2,099,812	2,051,492	3.96
11.11.2027	Petroleum Sarawak Exploration & Production Sdn. Bhd.	1,000,000	1,059,001	1,016,639	2.00
16.11.2027	Dialog Group Berhad	2,500,000	2,491,780	2,530,130	4.70
20.04.2028	UMW Holdings Berhad	3,600,000	3,942,210	3,683,298	7.44
03.05.2028	UDA Holdings Berhad	200,000	205,751	203,634	0.39

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

4. INVESTMENTS (CONT'D.)

Details of investments as at 29 February 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 %
Fixed income securities - local (cont'd.)					
Corporate bonds (cont'd.)					
05.05.2028	GENM Capital Berhad	700,000	722,976	711,279	1.36
10.10.2028	Affin Islamic Bank Berhad	1,000,000	1,036,446	1,019,926	1.95
17.11.2028	RHB Bank Berhad	2,500,000	2,584,525	2,531,500	4.88
11.11.2036	YTL Corporation Berhad	2,000,000	2,227,637	2,043,686	4.20
02.06.2037	TNB Power Generation Sdn. Bhd.	250,000	278,529	253,044	0.52
05.01.2038	Edra Energy Sdn. Bhd.	5,000,000	6,185,324	5,201,886	11.67
02.06.2042	TNB Power Generation Sdn. Bhd.	500,000	573,179	506,268	1.08
06.10.2042	Solarpack Suria Sungai Petani Sdn. Bhd.	1,000,000	1,084,678	1,032,272	2.05
Total corporate bonds		23,250,000	25,498,321	23,785,197	48.10
Commercial paper					
12.07.2024	Hong Leong Islamic Bank Berhad	400,000	394,740	394,627	0.75
Total commercial paper		400,000	394,740	394,627	0.75
Total fixed income securities - local		23,650,000	25,893,061	24,179,824	48.85

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

4. INVESTMENTS (CONT'D.)

Details of investments as at 29 February 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 %
Fixed income securities - foreign					
Corporate bonds denominated in United States Dollar ("USD")					
24.01.2027	GOHL Capital Limited	900,000	4,100,622	3,710,294	7.74
27.12.2027	Lenovo Group Limited	300,000	1,442,882	1,344,635	2.72
Total corporate bonds denominated in USD		1,200,000	5,543,504	5,054,929	10.46
Government bond denominated in USD					
01.09.2025	United States of America	2,000,000	9,510,480	9,357,045	17.94
Total Government bond denominated in USD		2,000,000	9,510,480	9,357,045	17.94
Total fixed income securities – foreign		3,200,000	15,053,984	14,411,974	28.40
Total financial assets at FVTPL			40,947,045	38,591,798	77.25
Excess of fair value over adjusted cost			2,355,247		

5. AMOUNT DUE FROM/TO MANAGER

	Note	29.02.2024 RM	31.08.2023 RM
(a) Due from Manager			
Creation of units	(i)	87,604	4,675
(b) Due to Manager			
Cancellation of units	(ii)	785	48,827
Manager's fee payable	(iii)	44,919	49,173
		45,704	98,000

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

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

- (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.

- (iii) Manager's fee is at a rate of 1.00% (31.08.2023: 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 financial year and current financial period for Manager's fee payable is one month.

6. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	29.02.2024 RM	31.08.2023 RM
At nominal value:		
Short-term deposits	<u>11,669,192</u>	<u>10,016,295</u>
At carrying value:		
Short-term deposits	<u>11,670,446</u>	<u>10,018,547</u>

Details of deposits with licensed financial institutions are as follows:

Maturity date	Financial institutions	Nominal value RM	Carrying value RM	Carrying value as a percentage of NAV %
29.02.2024				
Short-term deposits				
01.03.2024	Malayan Banking Berhad	4,628,192	4,628,867	8.73
01.03.2024	Public Bank Berhad	7,041,000	7,041,579	13.29
		<u>11,669,192</u>	<u>11,670,446</u>	<u>22.02</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

7. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.06% (31.08.2023: 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 financial year and current financial period for Trustee's fee payable is one month.

8. NET GAIN/(LOSS) FROM INVESTMENTS

	01.09.2023 to 29.02.2024 RM	01.09.2022 to 28.02.2023 RM
Net gain/(loss) on financial assets at FVTPL comprised:		
- Net realised losses on sale of investments	(741,435)	(12,443,061)
- Net realised gains on foreign currency exchange	748,162	1,637,982
- Net realised losses on settlement of derivative contracts	(213,000)	(495,000)
- Net unrealised gains on changes in fair value of investments	1,256,962	6,516,308
- Net unrealised losses on foreign currency fluctuation of investments denominated in foreign currency	(415,643)	(563,830)
- Net unrealised gain from revaluation of derivative contracts	-	55,297
	<u>635,046</u>	<u>(5,292,304)</u>

9. TOTAL EQUITY

Total equity is represented by:

	Note	29.02.2024 RM	31.08.2023 RM
Unit holders' capital	(a)	65,359,194	64,978,924
Accumulated losses			
- Realised losses	(b)	(14,707,403)	(15,551,787)
- Unrealised gains	(c)	2,355,247	1,513,928
		<u>53,007,038</u>	<u>50,941,065</u>

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

9. TOTAL EQUITY (CONT'D.)

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

	29.02.2024		31.08.2023	
	Number of units	RM	Number of units	RM
At beginning of the financial period/year	51,468,660	64,978,924	57,072,898	70,502,107
Creation during the financial period/year	3,563,163	3,605,826	4,429,387	4,234,769
Cancellation during the financial period/year	<u>(3,199,917)</u>	<u>(3,225,556)</u>	<u>(10,033,625)</u>	<u>(9,757,952)</u>
At end of the financial period/year	<u>51,831,906</u>	<u>65,359,194</u>	<u>51,468,660</u>	<u>64,978,924</u>

(b) Realised

	29.02.2024	31.08.2023
	RM	RM
At beginning of the financial period/year	(15,551,787)	(4,364,360)
Net realised income/(loss) for the financial period/year	<u>844,384</u>	<u>(11,187,427)</u>
At end of the financial period/year	<u>(14,707,403)</u>	<u>(15,551,787)</u>

(c) Unrealised – non-distributable

	29.02.2024	31.08.2023
	RM	RM
At beginning of the financial period/year	1,513,928	(6,761,229)
Net unrealised gains for the financial period/year	<u>841,319</u>	<u>8,275,157</u>
At end of the financial period/year	<u>2,355,247</u>	<u>1,513,928</u>

10. 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

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

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

There are no units held by the Manager or any related party as at 29 February 2024 and 31 August 2023.

11. TAXATION

	01.09.2023 to 29.02.2024 RM	01.09.2022 to 28.02.2023 RM
Local tax	28,661	125,019

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

	01.09.2023 to 29.02.2024 RM	01.09.2022 to 28.02.2023 RM
Net income/(loss) before taxation	1,714,364	(4,927,406)
Taxation at Malaysian statutory rate of 24% (2023: 24%)	411,447	(1,182,577)
Tax effects of:		
Income not subject to tax	(811,082)	(2,102,297)
Losses not allowed for tax deduction	358,676	3,339,851
Restriction on tax deductible expenses for unit trust fund	56,474	57,617
Non-permitted expenses for tax purposes	6,871	6,025
Permitted expenses not used and not available for future financial periods	6,275	6,400
Tax expense for the financial period	28,661	125,019

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

12. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	01.09.2023 to 29.02.2024 % p.a.	01.09.2022 to 28.02.2023 % p.a.
Manager’s fee	0.50	0.50
Trustee’s fee	0.03	0.03
Fund’s other expenses	0.03	0.02
Total TER	<u>0.56</u>	<u>0.55</u>

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.

13. 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 0.37 times (01.09.2022 to 28.02.2023: 0.24 times).

14. 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 period.

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

14. SEGMENTAL REPORTING (CONT'D.)

	01.09.2023 to 29.02.2024			01.09.2022 to 28.02.2023		
	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	521,195	743,231	1,264,426	330,196	740,702	1,070,898
Net gain/(loss) from investments:						
– Financial assets at FVTPL	240,860	394,186	635,046	(5,551,552)	259,248	(5,292,304)
Other net realised gain/(loss) on foreign currency exchange	104,972	-	104,972	(414,153)	-	(414,153)
Total segment investment income/(losses) for the financial period	867,027	1,137,417	2,004,444	(5,635,509)	999,950	(4,635,559)
	29.02.2024			31.08.2023		
	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	15,053,984	25,893,061	40,947,045	14,025,680	26,890,671	40,916,351
Deposits with licensed financial institutions	4,628,867	7,041,579	11,670,446	4,800,689	5,217,858	10,018,547
Other receivable	-	-	-	18,258	-	18,258
Total segment assets	19,682,851	32,934,640	52,617,491	18,844,627	32,108,529	50,953,156

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

14. SEGMENTAL REPORTING (CONT'D.)

There are no segment liabilities as at 29 February 2024 and 31 August 2023.

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/(loss) and net income/(loss) after taxation:

	01.09.2023 to 29.02.2024	01.09.2022 to 28.02.2023
	RM	RM
Net reportable segment investment income/(loss)	2,004,444	(4,635,559)
Less: Expenses	(290,080)	(291,847)
Net income/(loss) before taxation	<u>1,714,364</u>	<u>(4,927,406)</u>
Taxation	(28,661)	(125,019)
Net income/(loss) after taxation	<u>1,685,703</u>	<u>(5,052,425)</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.

	29.02.2024	31.08.2023
	RM	RM
Total segment assets	52,617,491	50,953,156
Amount due from Manager	87,604	4,675
Tax recoverable	24,564	-
Cash at banks	337,927	155,250
Total assets of the Fund	<u>53,067,586</u>	<u>51,113,081</u>
Amount due to Manager	45,704	98,000
Amount due to Trustee	2,522	2,610
Tax payable	-	58,507
Sundry payables and accruals	12,322	12,899
Total liabilities of the Fund	<u>60,548</u>	<u>172,016</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

15. TRANSACTIONS WITH BROKERS

Details of transactions with brokers for the financial period ended 29 February 2024 are as follows:

	Transaction value	
	RM	%
JP Morgan Securities Ltd London	13,211,458	34.10
AmBank (M) Berhad*	7,821,111	20.19
HSBC Bank Malaysia Berhad	4,973,871	12.84
Mitsubishi UFJ Trust International Limited	3,093,051	7.99
RHB Investment Bank Berhad	2,500,000	6.45
AmBank Islamic Berhad*	2,091,609	5.40
CIMB Bank Berhad	1,608,691	4.15
Affin Hwang Investment Bank Berhad	1,500,000	3.87
JP Morgan Securities (M) Sdn. Bhd.	1,044,829	2.70
Hong Leong Bank Berhad	894,388	2.31
Total	<u>38,739,008</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 into 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 fee.

16. 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.

(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.

AmTactical Bond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 FEBRUARY 2024

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

(a) Market risk (cont'd.)

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	29.02.2024		31.08.2023	
	RM equivalent	% of NAV	RM equivalent	% of NAV
Euro Dollar				
Cash at bank	100	-*	54	-*
United States Dollar				
Investments	15,053,984	28.40	14,025,680	27.54
Deposits with licensed financial institutions	4,628,867	8.73	4,800,690	9.42
Cash at bank	288,774	0.55	52,702	0.10
	<u>19,971,625</u>	<u>37.68</u>	<u>18,879,072</u>	<u>37.06</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 SEPTEMBER 2023 TO 29 FEBRUARY 2024**

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

(b) Credit risk (cont'd.)

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

(d) Single issuer risk

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

(e) Regulatory risk

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

(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 Deed, securities laws or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the Fund.

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 134: *Interim Financial Reporting* (“MFRS 134”) so as to give a true and fair view of the financial position of AmTactical Bond (the “Fund”) as at 29 February 2024 and of 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 April 2024

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AMTACTICAL BOND (“Fund”)

We have acted as Trustee of the Fund for the financial period ended 29 February 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 deed, 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
18 April 2024

DIRECTORY

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Email: enquiries@aminvest.com

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

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

