

Annual Report for

AmBond

31 March 2022



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
Dato' Mustafa Bin Mohd Nor
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
Dato' Mustafa Bin Mohd Nor
Izad Shahadi Bin Mohd Sallehuddin
Goh Wee Peng

Trustee

HSBC (Malaysia) Trustee Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

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MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of AmBond ("Fund") for the financial year ended 31 March 2022.

Salient Information of the Fund

Name	AmBond ("Fund")
Category/ Type	Bond / Income
Objective	AmBond is a medium to long-term bond fund that aims to provide you with a stream of income*. <i>Note:</i> <i>* The Income could be in the form of units or cash.</i> <i>Any material change to the investment objective of the Fund would require Unit Holders' approval.</i>
Duration	The Fund was established on 20 January 2000 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.
Performance Benchmark	BPAM Corporates All Bond Index ("BPAM Corps All Bond Index") (Available at www.aminvest.com) <i>Note: The risk profile of the Fund may not be the same as the risk profile of the performance benchmark.</i>
Income Distribution Policy	Income distribution (if any) is paid at least twice every year.

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund for the financial years as at 31 March are as follows:			
		FY 2022 %	FY 2021 %	FY 2020 %
	Corporate bonds	91.20	85.37	89.47
	Money market deposits and cash equivalents	8.80	14.63	10.53
	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 March are as follows:

	FY 2022	FY 2021	FY 2020
Net asset value (RM)*	413,678,744	793,315,635	650,489,102
Units in circulation*	325,333,139	618,859,218	511,544,923
Net asset value per unit (RM)*	1.2716	1.2819	1.2716
Highest net asset value per unit (RM)*	1.3152	1.3623	1.3715
Lowest net asset value per unit (RM)*	1.2701	1.2730	1.2404
Benchmark performance (%)	2.99	3.80	6.09
Total return (%) ⁽¹⁾	1.52	3.18	5.71
- Capital growth (%)	-0.82	0.78	2.56
- Income distribution (%)	2.34	2.40	3.15
Gross distribution (sen per unit)	3.00	3.05	3.91
Net distribution (sen per unit)	3.00	3.05	3.91
Total expense ratio (%) ⁽²⁾	1.04	1.04	1.04
Portfolio turnover ratio (times) ⁽³⁾	0.63	0.77	1.41

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

Note:

- (1) Total return is the annualised 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 expenses ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis.
- (3) Portfolio turnover ratio ("PTR") is calculated based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis. The PTR decreased by 0.14 times (18.2%) as compared to 0.77 times for the financial year ended 31 March 2021 mainly due to decrease in investing activities.

Average Total Return (as at 31 March 2022)

	AmBond^(a) %	MMGS/ All MGS/ BPAM Corps All Bond Index^{**}(b) %
One year	1.52	2.99
Three years	3.46	4.28
Five years	4.27	4.88
Ten years	3.61	4.39

Annual Total Return

Financial Years Ended (31 March)	AmBond^(a) %	MMGS/ All MGS/ BPAM Corps All Bond Index^{** (b)} %
2022	1.52	2.99
2021	3.18	3.80
2020	5.71	6.09
2019	6.51	6.67
2018	4.50	4.93

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

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

** Benchmark – from 20 January 2000 until 4 July 2013 – Medium Malaysian Government Securities Index (“MMGS”) – from 5 July 2013 until 30 September 2016 – Quantshop All Malaysian Government Securities (MGS) Index (“All MGS”) – from 1 October 2016 onwards – BPAM Corporates All Bond Index (“BPAM Corps All Bond Index”) (Available at www.aminvest.com)

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

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

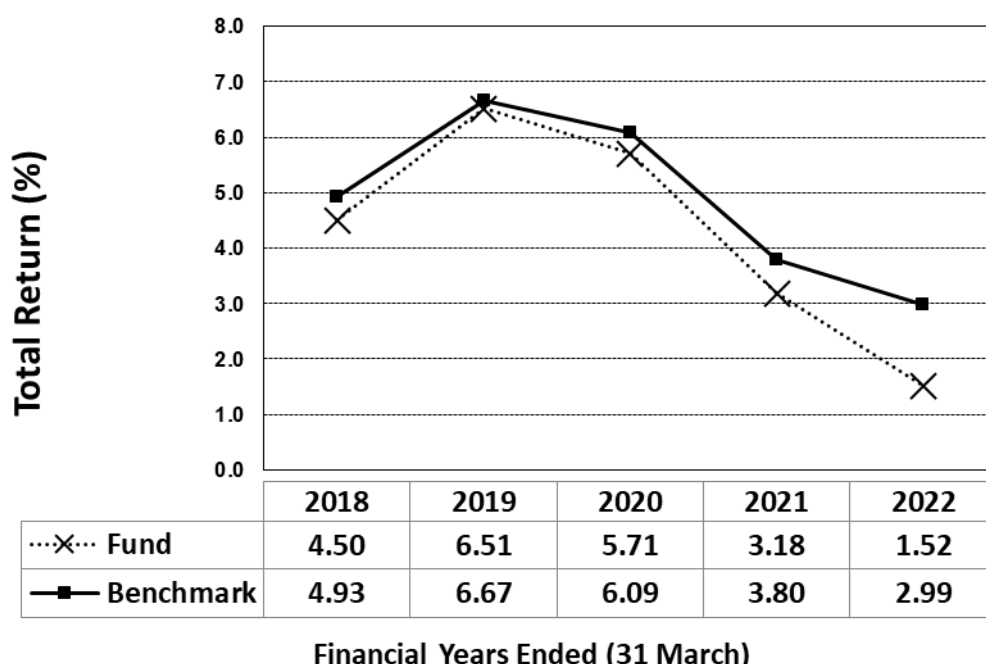
Fund Performance

For the financial year under review, the Fund registered a return of 1.52% comprising of negative 0.82% capital and 2.34% income distribution.

Thus, the Fund’s return of 1.52% has underperformed the benchmark’s return of 2.99% by 1.47%.

As compared with the financial year ended 31 March 2021, the net asset value (“NAV”) per unit of the Fund decreased by 0.80% from RM1.2819 to RM1.2716, while units in circulation decreased by 47.43% from 618,859,218 units to 325,333,139 units.

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



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

Strategies and Policies Employed

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

Portfolio Structure

This table below is the asset allocation of the Fund for the financial years under review.

	As at 31.3.2022 %	As at 31.3.2021 %	Changes %
Corporate bonds	91.20	85.37	5.83
Money market deposits and cash equivalents	8.80	14.63	-5.83
Total	100.00	100.00	

For the financial year under review, exposure to corporate bonds has increased from 85.37% to 91.20% of its NAV, while holdings in money markets deposits and equivalents decreased from 14.63% to 8.80% of its NAV.

Securities Lending / Repurchase Transactions

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

Cross Trades

There were no cross trades undertaken during the financial year under review.

Distribution/ Unit Splits	<p>During the financial year under review, the Fund declared income distributions, detailed as follows:</p> <table border="1" data-bbox="359 219 1452 392"> <thead> <tr> <th data-bbox="359 219 577 320">Date of distribution</th> <th data-bbox="577 219 893 320">Distribution per unit (sen)</th> <th data-bbox="893 219 1177 320">NAV per unit Cum-Distribution (RM)</th> <th data-bbox="1177 219 1452 320">NAV per unit Ex-Distribution (RM)</th> </tr> </thead> <tbody> <tr> <td data-bbox="359 320 577 353">24-Sep-21</td> <td data-bbox="577 320 893 353">1.60</td> <td data-bbox="893 320 1177 353">1.3112</td> <td data-bbox="1177 320 1452 353">1.2952</td> </tr> <tr> <td data-bbox="359 353 577 392">24-Mar-22</td> <td data-bbox="577 353 893 392">1.40</td> <td data-bbox="893 353 1177 392">1.2925</td> <td data-bbox="1177 353 1452 392">1.2785</td> </tr> </tbody> </table> <p>There was no unit split declared for the financial year under review.</p>	Date of distribution	Distribution per unit (sen)	NAV per unit Cum-Distribution (RM)	NAV per unit Ex-Distribution (RM)	24-Sep-21	1.60	1.3112	1.2952	24-Mar-22	1.40	1.2925	1.2785
Date of distribution	Distribution per unit (sen)	NAV per unit Cum-Distribution (RM)	NAV per unit Ex-Distribution (RM)										
24-Sep-21	1.60	1.3112	1.2952										
24-Mar-22	1.40	1.2925	1.2785										
State of Affairs	<p>There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial year under review.</p>												
Rebates and Soft Commission	<p>During the year, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.</p>												
Market Review	<p>In 2021, pandemic uncertainties held great influence to global growth. The uneven vaccine distribution led to uneven economy recovery amongst countries, whereby developed economies lead emerging markets in terms of business cycle. By the end of 2021, the United States (U.S.) turned hawkish in the face of inflationary pressure and strong employment data. On the other hand, Malaysia's Gross Domestic Product (GDP) has yet to recover to pre-pandemic levels, and would prefer a longer period of accommodative monetary policy. The divergence in monetary policies resulted in a volatile year for Malaysia's fixed income market. As such, Malaysian Government Securities (MGS) yield curve bearish flattened in similar fashion as the US Treasury (UST) yield curve. Domestically, despite a relatively benign domestic inflation and accommodative monetary policy, fiscal stimulus exerted upward pressure in yields due to increased sovereign bond supply and widening of Malaysia's fiscal deficit.</p> <p>Main events in the 1st quarter of 2022 were the Russia-Ukraine war and Fed's surprise shift to a more hawkish stance. The ongoing Russia and Ukraine war has led to increasing concerns over high inflation as both countries are major commodity producers. Malaysian fixed income market largely held steady in January 2022 and February 2022 as Bank Negara Malaysia (BNM) left its policy rate unchanged at 1.75% and struck a relatively dovish tone. Investors viewed the spike in oil prices and its potential impact on budget deficit, along with announcement of another MYR10k Employee Provident Fund (EPF) withdrawal in stride as investors viewed the impact to be manageable. However, the local bond market was not spared from the March 2022 global bond rout as reflected by the spike in local government bond yields.</p>												
Market Outlook	<p>Despite yields having risen to pre-pandemic levels, sentiments on the domestic bond market will remain bearish on Fed hawkishness and recent BNM comments on local bond supply. The yield curve will be pressured on the uncertainty and anticipation that BNM will embark on a tightening cycle following the Fed's rate hike.</p> <p>With BNM's modest revision to growth and inflation forecasts for 2022, we continue to expect 1-2 rate hikes by BNM in the second half of the year. However, recent statements by the Fed alluding to more aggressive tightening may result in BNM bringing forward rate hikes to 2Q of this year. Key considerations will be upcoming economic data that would provide an indication on the resilience of the current recovery.</p>												

Additional Information

The following information was updated:

1) The Eighth Supplementary Master Prospectus dated 20 December 2021 has been registered with the Securities Commission Malaysia, to include the changes of but not limited to:

- the update on definition of “Classes”;
- the update on the investment committee;
- the revision made to the section on Related Party Transactions / Conflict of Interest; and
- the update to the section on Taxation.

Notice of the changes for the Eighth Supplementary Master Prospectus dated 20 December 2021 has been published on our website at www.aminvest.com and sent to the Unit Holders.

2) With effect from 14 February 2022, the business and registered address of the trustee of the Fund is as follows:

TRUSTEE

HSBC (Malaysia) Trustee Berhad
Registered & Business Office
Level 19, Menara IQ
Lingkaran TRX
55188 Tun Razak Exchange
Kuala Lumpur
Tel: 603 2075 7800
Fax: 603 8894 2611

Kuala Lumpur, Malaysia
AmFunds Management Berhad

24 May 2022

Independent auditors' report to the unit holders of AmBond

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AmBond ("the Fund"), which comprise the statement of financial position as at 31 March 2022, 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 11 to 45.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2022, 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 AmBond (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 AmBond (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
AmBond (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

Lee Pei Yin
No. 03189/05/2023 J
Chartered Accountant

Kuala Lumpur, Malaysia
24 May 2022

AmBond**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	Note	2022 RM	2021 RM
ASSETS			
Investments	4	377,290,567	677,255,688
Amount due from financial institution	5	5,509,185	15,440,389
Amount due from Manager	6(a)	-	50,738
Interest receivables		39,161	162,619
Cash at banks		<u>34,222,942</u>	<u>103,381,272</u>
TOTAL ASSETS		<u>417,061,855</u>	<u>796,290,706</u>
LIABILITIES			
Amount due to Manager	6(b)	3,239,376	2,894,247
Amount due to Trustee	7	14,974	30,342
Distribution payable		107,828	28,434
Sundry payables and accruals		<u>20,933</u>	<u>22,048</u>
TOTAL LIABILITIES		<u>3,383,111</u>	<u>2,975,071</u>
NET ASSET VALUE (“NAV”) OF THE FUND		<u>413,678,744</u>	<u>793,315,635</u>
EQUITY			
Unit holders’ capital	9(a)	410,925,054	790,229,474
Retained earnings	9(b)(c)	<u>2,753,690</u>	<u>3,086,161</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	9	<u>413,678,744</u>	<u>793,315,635</u>
UNITS IN CIRCULATION	9(a)	<u>325,333,139</u>	<u>618,859,218</u>
NAV PER UNIT (RM) - EX-DISTRIBUTION		<u>1.2716</u>	<u>1.2819</u>

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

AmBond**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	Note	2022 RM	2021 RM
INVESTMENT INCOME			
Interest income		28,581,377	34,194,052
Net losses from investments:			
- Financial assets at fair value through profit or loss ("FVTPL")	8	<u>(7,575,604)</u>	<u>(5,877,617)</u>
		<u>21,005,773</u>	<u>28,316,435</u>
EXPENDITURE			
Manager's fee	6	(7,241,928)	(8,969,519)
Trustee's fee	7	(289,677)	(358,781)
Audit fee		(11,000)	(11,000)
Tax agent's fee		(4,100)	(4,100)
Other expenses		<u>(6,227)</u>	<u>(2,211)</u>
		<u>(7,552,932)</u>	<u>(9,345,611)</u>
Net income before taxation		13,452,841	18,970,824
Taxation	11	-	-
Net income after taxation representing total comprehensive income for the financial year		<u>13,452,841</u>	<u>18,970,824</u>
Total comprehensive income comprises the following:			
Realised income		15,237,380	28,522,811
Unrealised losses		<u>(1,784,539)</u>	<u>(9,551,987)</u>
		<u>13,452,841</u>	<u>18,970,824</u>
Distributions for the financial year			
Net distributions	12	<u>13,785,312</u>	<u>19,710,362</u>
Gross/net distributions per unit (sen)	12	<u>3.00</u>	<u>3.05</u>

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

AmBond

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 April 2020		646,663,403	3,825,699	650,489,102
Total comprehensive income for the financial year		-	18,970,824	18,970,824
Creation of units	9(a)	636,381,283	-	636,381,283
Reinvestment of distributions	9(a),12	19,672,082	-	19,672,082
Cancellation of units	9(a)	(512,487,294)	-	(512,487,294)
Distributions	12	-	(19,710,362)	(19,710,362)
Balance at 31 March 2021		<u>790,229,474</u>	<u>3,086,161</u>	<u>793,315,635</u>
At 1 April 2021		790,229,474	3,086,161	793,315,635
Total comprehensive income for the financial year		-	13,452,841	13,452,841
Creation of units	9(a)	163,588,647	-	163,588,647
Reinvestment of distributions	9(a),12	13,674,564	-	13,674,564
Cancellation of units	9(a)	(556,567,631)	-	(556,567,631)
Distributions	12	-	(13,785,312)	(13,785,312)
Balance at 31 March 2022		<u>410,925,054</u>	<u>2,753,690</u>	<u>413,678,744</u>

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

AmBond**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	2022	2021
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	606,290,954	618,801,551
Interest received	34,204,312	34,587,511
Manager's fee paid	(7,624,260)	(8,865,468)
Trustee's fee paid	(305,045)	(354,843)
Tax agent's fee paid	(4,100)	(4,100)
Payments for other expenses	(18,342)	(16,456)
Purchase of investments	<u>(309,469,710)</u>	<u>(735,919,910)</u>
Net cash generated from/(used in) operating and investing activities	<u>323,073,809</u>	<u>(91,771,715)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	163,639,385	638,042,571
Payments for cancellation of units	(555,840,170)	(510,654,230)
Distribution paid	<u>(31,354)</u>	<u>(220,937)</u>
Net cash (used in)/generated from financing activities	<u>(392,232,139)</u>	<u>127,167,404</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(69,158,330)	35,395,689
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>103,381,272</u>	<u>67,985,583</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>34,222,942</u>	<u>103,381,272</u>
Cash and cash equivalents comprise:		
Cash at banks	<u>34,222,942</u>	<u>103,381,272</u>

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

AmBond

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

1. GENERAL INFORMATION

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

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

The financial statements were authorised for issue by the Manager on 24 May 2022.

2. BASIS OF PREPARATION OF 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 MFRS which has been effective during the financial year did not have any material financial impact to the financial statements, which as per the following:

Description	Effective for financial periods beginning on or after
<i>Interest Rate Benchmark Reform – Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021

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>Covid-19 - Related Rent Concessions beyond 30 June 2021</i> (Amendments to MFRS 16)*	1 April 2021
Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018-2020”	1 January 2022

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

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

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

Description	Effective for financial periods beginning on or after
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
MFRS 17 <i>Insurance Contracts</i> and Amendments to MFRS 17*	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>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>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 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> *	Deferred

* *These MFRS and Amendments to MFRSs are not relevant to the Fund.*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

(i) Interest income

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

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

3.1 Income recognition (cont'd.)

(i) Interest income (cont'd.)

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.

3.4 Statement of cash flows

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

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

3.5 Distribution

Distributions are at the discretion of the Manager. A distribution to the Fund's unit holders is accounted for as a deduction from the retained earnings and realised income. Realised income is the income earned from interest income and net gain on disposal of investments after deducting expenses and taxation. A proposed distribution is recognised as a liability in the period in which it is approved. Distribution is either reinvested or paid in cash to the unit holders on the income payment date. Reinvestment of units is based on the NAV per unit on the income payment date, which is also the time of creation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

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

3.6 Unit holders' capital

The unit holders' capital of the Fund meets the definition of puttable instruments and is classified as equity instruments under MFRS 132 *Financial Instruments: Presentation* ("MFRS 132").

3.7 Financial assets – initial recognition and measurement

(i) Initial recognition

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised using trade date accounting or settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category of financial assets.

(ii) Initial measurement

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at FVTPL, transaction costs that are attributable to the acquisition of the financial asset. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not recorded at FVTPL, net of directly attributable transaction costs.

(iii) "Day 1" profit or loss

At initial measurement, if the transaction price differs from the fair value, the Fund immediately recognises the difference between the transaction price and fair value (a "Day 1" profit or loss) in profit or loss provided that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets. In all other cases, the difference between the transaction price and model value is recognised in profit or loss on a systematic and rational basis that reflects the nature of the instrument over its tenure.

3.8 Financial assets – classification and subsequent measurement

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

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 MARCH 2022**

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

3.8 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.

3.9 Financial assets under MFRS 9

(i) 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 deposits with financial institutions, cash at banks, amount 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

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

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

(i) Classification and measurement (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 in "Interest income".

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

3.10 Financial liabilities – classification and subsequent measurement

Financial liabilities issued by the Fund are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holder. After initial measurement, financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

3.11 Derecognition of financial instruments

(i) Derecognition of financial asset

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:
 - the Fund has transferred substantially all the risks and rewards of the asset, or
 - the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

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

3.11 Derecognition of financial instruments (cont'd.)

(i) Derecognition of financial asset (cont'd.)

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

(ii) Derecognition of financial liability

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

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

The Fund assesses on a forward-looking basis the ECL associated with its financial assets at amortised cost. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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.

3.13 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. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

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

3.14 Classification of realised and unrealised gains and losses

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the reporting period.

Realised gains and losses on disposals of financial instruments classified at FVTPL are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

3.15 Significant accounting estimates and judgments

The preparation of the Fund's financial statements requires the Manager to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

The Fund classifies its investments as financial assets at FVTPL as the Fund may sell its investments in 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.

4. INVESTMENTS

	2022	2021
	RM	RM
Financial assets at FVTPL		
At nominal value:		
Corporate bonds	<u>370,800,000</u>	<u>653,800,000</u>
At fair value:		
Corporate bonds	<u>377,290,567</u>	<u>677,255,688</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 March 2022 are as follows:

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Corporate bonds						
11.10.2024	Edra Solar Sdn. Bhd.	AA	100,000	103,688	102,003	0.03
27.02.2025	TG Excellence Berhad	AA	15,250,000	15,244,709	15,656,092	3.69
15.08.2025	Sabah Development Bank Berhad	AA	5,000,000	5,011,575	5,034,951	1.21
05.09.2025	Fortune Premiere Sdn. Bhd.	AA	5,000,000	5,147,445	5,321,250	1.24
24.03.2026	Sime Darby Berhad	AA	10,000,000	10,612,084	10,496,660	2.57
21.04.2026	Pelabuhan Tanjung Pelepas Sdn. Bhd.	AA	10,000,000	10,084,095	10,165,995	2.44
26.06.2026	7-Eleven Malaysia Holdings Berhad	AA	20,000,000	19,870,449	20,242,265	4.80
13.07.2026	CIMB Thai Bank Public Company Limited	AA	15,000,000	14,768,866	15,126,617	3.57
21.12.2026	MBSB Bank Berhad	A	49,250,000	52,273,518	49,972,665	12.64
19.03.2027	IJM Land Berhad	A	5,000,000	5,149,784	5,008,634	1.24

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 March 2022 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 %
Corporate bonds (cont'd.)						
08.10.2027	Malayan Banking Berhad	AA	5,000,000	4,852,291	4,916,879	1.17
05.11.2027	Malaysia Airports Holdings Berhad	AAA	35,000,000	33,990,921	35,456,515	8.22
16.11.2027	Dialog Group Berhad	A	15,000,000	14,940,045	15,231,945	3.61
03.12.2027	Sime Darby Property Berhad	AA	10,000,000	9,758,201	10,111,501	2.36
09.12.2027	First Abu Dhabi Bank P.J.S.C.	AA	14,800,000	15,460,159	15,167,393	3.74
10.02.2028	Aeon Credit Service (M) Berhad	AA	5,000,000	4,887,170	5,070,878	1.18
24.03.2028	MMC Corporation Berhad	AA	5,000,000	5,346,623	5,476,472	1.29
20.04.2028	UMW Holdings Berhad	AA	37,000,000	41,157,229	41,685,526	9.95
23.06.2028	SP Setia Berhad	AA	10,000,000	10,076,218	10,265,664	2.44
16.03.2029	Tanjung Bin Energy Sdn. Bhd.	AA	5,000,000	5,346,582	5,815,289	1.29
16.11.2029	Gamuda Berhad	AA	5,000,000	5,019,702	5,203,746	1.21
12.12.2029	DRB-Hicom Berhad	A	7,400,000	7,432,857	7,576,229	1.80

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 March 2022 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 %
Corporate bonds (cont'd.)						
30.04.2030	Southern Power Generation Sdn. Bhd.	AA	5,000,000	5,325,466	5,655,696	1.29
28.06.2030	Gamuda Berhad	AA	2,000,000	1,967,273	2,028,310	0.48
28.08.2030	Pelabuhan Tanjung Pelepas Sdn. Bhd.	AA	10,000,000	9,222,608	10,029,808	2.23
21.09.2033	Danga Capital Berhad	AAA	5,000,000	5,272,364	5,762,033	1.27
23.06.2034	YTL Corporation Berhad	AA	35,000,000	32,729,991	35,661,226	7.91
05.01.2035	Edra Energy Sdn. Bhd.	AA	5,000,000	5,849,722	5,708,814	1.41
10.07.2035	Prasarana Malaysia Berhad	NR	5,000,000	4,646,401	5,233,323	1.12
04.07.2036	Edra Energy Sdn. Bhd.	AA	5,000,000	5,917,886	5,312,955	1.43
11.11.2036	YTL Corporation Berhad	AA	10,000,000	9,824,645	10,272,025	2.37
Total corporate bonds			370,800,000	377,290,567	384,769,359	91.20
Total financial assets at FVTPL			370,800,000	377,290,567	384,769,359	91.20
Shortfall of fair value over adjusted cost				(7,478,792)		

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 March 2021 are as follows:

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Corporate bonds						
12.05.2021	Jimah Energy Ventures Sdn. Bhd.	AA	500,000	522,235	521,715	0.07
12.01.2024	Projek Lebuhraya Usahasama Berhad	AAA	5,000,000	5,260,998	5,320,615	0.66
08.07.2024	CIMB Thai Bank Public Company Limited	AA	5,000,000	5,107,385	5,047,185	0.64
11.10.2024	Edra Solar Sdn. Bhd.	AA	100,000	104,556	101,991	0.01
27.02.2025	TG Excellence Berhad	AA	35,000,000	35,748,631	35,767,525	4.51
12.08.2025	Gamuda Land (T12) Sdn. Bhd.	AA	5,000,000	4,957,584	5,032,781	0.63
15.08.2025	Sabah Development Bank Berhad	AA	40,000,000	41,753,797	40,296,235	5.26
05.09.2025	Fortune Premiere Sdn. Bhd.	AA	5,000,000	5,307,103	5,403,077	0.67
20.10.2025	RHB Bank Berhad	AA	20,000,000	19,817,948	20,254,548	2.50
21.10.2025	Bank Islam Malaysia Berhad	A	15,000,000	15,180,721	15,239,671	1.91
31.10.2025	Fortune Premiere Sdn. Bhd.	AA	5,000,000	5,395,267	5,496,138	0.68

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 March 2021 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 %
Corporate bonds (cont'd.)						
26.12.2025	Hong Leong Assurance Berhad	AA	5,000,000	4,944,375	5,044,425	0.62
24.03.2026	Sime Darby Plantation Berhad	AA	10,000,000	10,913,284	10,605,886	1.38
18.09.2026	Digi Telecommunications Sdn. Bhd.	AAA	5,000,000	5,028,494	5,214,699	0.63
30.10.2026	Southern Power Generation Sdn. Bhd.	AA	5,000,000	5,443,116	5,307,257	0.69
21.12.2026	MBSB Bank Berhad	A	64,000,000	68,602,713	64,930,371	8.65
19.03.2027	IJM Land Berhad	A	5,000,000	5,243,504	5,010,204	0.66
13.05.2027	Danum Capital Berhad	AAA	5,000,000	4,953,189	5,113,087	0.62
05.11.2027	Malaysia Airports Holdings Berhad	AAA	55,000,000	53,551,850	55,726,993	6.75
16.11.2027	Dialog Group Berhad	A	20,000,000	20,460,660	20,309,260	2.58
03.12.2027	Sime Darby Property Berhad	AA	10,000,000	9,790,301	10,111,501	1.23
09.12.2027	First Abu Dhabi Bank P.J.S.C.	AA	14,800,000	15,785,019	15,190,393	1.99
10.02.2028	Aeon Credit Service (M) Berhad	AA	10,000,000	9,885,940	10,155,169	1.25

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 March 2021 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 %
Corporate bonds (cont'd.)						
20.04.2028	UMW Holdings Berhad	A	48,000,000	55,323,242	54,097,828	6.97
05.07.2028	Edra Energy Sdn. Bhd.	AA	5,000,000	5,584,985	5,240,066	0.70
11.07.2028	GENM Capital Berhad	AA	10,000,000	10,323,464	10,310,744	1.30
17.07.2028	Leader Energy Sdn. Bhd.	AA	5,000,000	4,898,550	5,042,500	0.62
16.03.2029	Tanjung Bin Energy Sdn. Bhd.	AA	5,000,000	5,658,231	5,917,270	0.71
16.07.2029	Leader Energy Sdn. Bhd.	AA	5,000,000	4,863,850	5,043,500	0.61
20.09.2029	Digi Telecommunications Sdn. Bhd.	AAA	15,000,000	14,646,244	15,383,336	1.85
31.10.2029	Southern Power Generation Sdn. Bhd.	AA	5,000,000	5,469,969	5,629,142	0.69
12.12.2029	DRB-Hicom Berhad	A	7,400,000	7,625,925	7,581,881	0.96
04.01.2030	Edra Energy Sdn. Bhd.	AA	5,000,000	5,618,445	5,317,680	0.71
30.04.2030	Southern Power Generation Sdn. Bhd.	AA	5,000,000	5,482,158	5,712,287	0.69

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 March 2021 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 %
Corporate bonds (cont'd.)						
13.05.2030	Danum Capital Berhad	AAA	20,000,000	19,147,381	20,337,675	2.41
14.06.2030	Sarawak Energy Berhad	AAA	5,000,000	4,738,920	5,048,370	0.60
28.06.2030	Gamuda Berhad	AA	12,000,000	11,812,759	12,174,386	1.49
28.08.2030	Pelabuhan Tanjung Pelepas Sdn. Bhd.	AA	15,000,000	14,016,707	15,047,507	1.77
30.04.2031	Southern Power Generation Sdn. Bhd.	AA	10,000,000	11,017,368	11,505,531	1.39
31.10.2031	Southern Power Generation Sdn. Bhd.	AA	5,000,000	5,518,073	5,458,463	0.70
30.04.2032	Southern Power Generation Sdn. Bhd.	AA	5,000,000	5,524,561	5,799,095	0.70
05.01.2033	Edra Energy Sdn. Bhd.	AA	5,000,000	5,728,737	5,237,885	0.72
21.09.2033	Danga Capital Berhad	AAA	10,000,000	10,622,553	11,628,379	1.34
05.01.2034	Edra Energy Sdn. Bhd.	AA	5,000,000	5,783,279	5,690,782	0.73

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 March 2021 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 %
Corporate bonds (cont'd.)						
23.06.2034	YTL Corporation Berhad	AA	35,000,000	34,588,630	35,671,528	4.36
05.07.2034	Edra Energy Sdn. Bhd.	AA	5,000,000	5,811,301	5,716,981	0.73
31.10.2034	Southern Power Generation Sdn. Bhd.	AA	5,000,000	5,587,003	6,103,692	0.70
29.11.2034	TNB Northern Energy Berhad	AAA	5,000,000	5,196,166	5,748,143	0.65
05.01.2035	Edra Energy Sdn. Bhd.	AA	5,000,000	5,840,272	5,743,233	0.74
21.02.2035	Danum Capital Berhad	AAA	15,000,000	13,371,458	14,886,016	1.69
10.07.2035	Prasarana Malaysia Berhad	NR	5,000,000	4,615,914	5,244,396	0.58
04.07.2036	Edra Energy Sdn. Bhd.	AA	5,000,000	5,911,236	5,323,103	0.75
11.11.2036	YTL Corporation Berhad	AA	10,000,000	10,385,745	10,275,359	1.31
05.01.2037	Edra Energy Sdn. Bhd.	AA	2,000,000	2,372,903	2,121,141	0.30
12.01.2038	Projek Lebuhraya Usahasama Berhad	NR	10,000,000	10,410,989	11,711,316	1.31
Total corporate bonds			653,800,000	677,255,688	682,949,941	85.37

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 March 2021 are as follows: (cont'd.)

	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
Total financial assets at FVTPL	653,800,000	677,255,688	682,949,941	85.37
Shortfall of fair value over adjusted cost		(5,694,253)		

The weighted average effective yield on investments are as follows:

	Effective yield 2022 %	Effective yield 2021 %
Corporate bonds	4.54	4.13

Analyses of the remaining maturity of investments as at 31 March 2022 and 31 March 2021 are as follows:

	Less than 1 year RM	1 year to 5 years RM	More than 5 years RM
2022			
At nominal value:			
Corporate bonds	-	134,600,000	236,200,000
2021			
At nominal value:			
Corporate bonds	500,000	150,100,000	503,200,000

5. AMOUNT DUE FROM FINANCIAL INSTITUTION

Amount due from financial institution relates to the amount receivable from financial institution arising from the sale of investments. The settlement period is within two business days from the deal date.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

6. AMOUNT DUE FROM/TO MANAGER

	Note	2022 RM	2021 RM
(a) Due from Manager			
Creation of units	(i)	-	50,738
(b) Due to Manager			
Redemption of units	(ii)	2,814,163	2,086,702
Manager's fee payable	(iii)	425,213	807,545
		<u>3,239,376</u>	<u>2,894,247</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 is three business days.

(iii) Manager's fee is at a rate of 1.00% (2021: 1.00%) per annum 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.

7. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.04% (2021: 0.04%) per annum on the NAV of the Fund, calculated on a daily basis.

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

8. NET LOSSES FROM INVESTMENTS

	2022 RM	2021 RM
Net losses on financial assets at FVTPL comprised:		
- Net realised (loss)/gain on sale of investments	(5,791,065)	3,674,370
- Net unrealised losses on changes in fair value of investments	(1,784,539)	(9,551,987)
	<u>(7,575,604)</u>	<u>(5,877,617)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

9. TOTAL EQUITY

Total equity is represented by:

	Note	2022 RM	2021 RM
Unit holders' capital	(a)	410,925,054	790,229,474
Retained earnings			
– Realised income	(b)	10,232,482	8,780,414
– Unrealised losses	(c)	(7,478,792)	(5,694,253)
		<u>413,678,744</u>	<u>793,315,635</u>

(a) Unit holders' capital/units in circulation

	2022		2021	
	Number of units	RM	Number of units	RM
At beginning of the financial year	618,859,218	790,229,474	511,544,923	646,663,403
Creation during the financial year	126,706,838	163,588,647	475,550,484	636,381,283
Distributions reinvested	10,603,282	13,674,564	15,048,171	19,672,082
Cancellation during the financial year	(430,836,199)	(556,567,631)	(383,284,360)	(512,487,294)
At end of the financial year	<u>325,333,139</u>	<u>410,925,054</u>	<u>618,859,218</u>	<u>790,229,474</u>

(b) Realised – distributable

	2022 RM	2021 RM
At beginning of the financial year	8,780,414	(32,035)
Net realised income for the financial year	15,237,380	28,522,811
Distributions out of realised income (Note 12)	(13,785,312)	(19,710,362)
At end of the financial year	<u>10,232,482</u>	<u>8,780,414</u>

(c) Unrealised – non-distributable

	2022 RM	2021 RM
At beginning of the financial year	(5,694,253)	3,857,734
Net unrealised losses for the financial year	(1,784,539)	(9,551,987)
At end of the financial year	<u>(7,478,792)</u>	<u>(5,694,253)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

10. UNITS HELD BY THE MANAGER AND RELATED PARTIES

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 March 2022 and 31 March 2021.

11. TAXATION

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

Pursuant to Schedule 6 of the Income Tax Act 1967, provided that the exemption shall not apply to the interest paid or credited to a unit trust that is a wholesale fund which is a money market fund. Interest income earned by Funds other than wholesale money market fund is exempted from tax.

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

	2022	2021
	RM	RM
Net income before taxation	13,452,841	18,970,824
Taxation at Malaysian statutory rate of 24% (2021: 24%)	3,228,682	4,552,998
Tax effects of:		
Income not subject to tax	(6,859,530)	(9,088,421)
Loss not allowed for tax deduction	1,818,145	2,292,477
Restriction on tax deductible expenses for unit trust fund	1,566,632	1,939,792
Non-permitted expenses for tax purposes	72,001	87,622
Permitted expenses not used and not available for future financial years	174,070	215,532
Tax expense for the financial year	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

12. DISTRIBUTIONS

Distributions to unit holders declared on 24 September 2021 and 24 March 2022 (declared on 23 September 2020 and 24 March 2021 for the previous financial year) are from the following sources:

	2022	2021
	RM	RM
Interest income	21,338,244	26,236,674
Net realised gain on sale of investments	-	2,819,299
	<u>21,338,244</u>	<u>29,055,973</u>
Less: Expenses	(7,552,932)	(9,345,611)
Total amount of distributions	<u>13,785,312</u>	<u>19,710,362</u>
Gross/net distributions per unit (sen)	<u>3.00</u>	<u>3.05</u>
Distributions made out of:		
- Realised income [Note 9(b)]	<u>13,785,312</u>	<u>19,710,362</u>
Comprising:		
Distributions reinvested	13,674,564	19,672,082
Distribution payable	107,828	28,434
Cash distributions	2,920	9,846
	<u>13,785,312</u>	<u>19,710,362</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 above distributions have been proposed before taking into account the net realised loss of RM5,791,065 and net unrealised loss of RM1,784,539 (2021: net unrealised loss RM9,551,987) arising during the financial year which are carried forward to the next financial year.

13. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	2022	2021
	% p.a.	% p.a.
Manager’s fee	1.00	1.00
Trustee’s fee	0.04	0.04
Fund’s other expenses	-*	-*
Total TER	<u>1.04</u>	<u>1.04</u>

* represents less than 0.01%

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

14. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investments to the average NAV of the Fund calculated on a daily basis, is 0.63 times (2021: 0.77 times).

15. SEGMENTAL REPORTING

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

16. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with financial institutions for the financial year ended 31 March 2022 are as follows:

Financial institutions	Transaction value	
	RM	%
Standard Chartered Bank Malaysia Berhad	315,547,708	34.54
Hong Leong Bank Berhad	128,951,310	14.12
RHB Investment Bank Berhad	115,216,419	12.61
CIMB Bank Berhad	109,311,960	11.96
AmBank (M) Berhad*	60,979,053	6.67
United Overseas Bank (Malaysia) Bhd	41,180,666	4.51
CIMB Islamic Bank Berhad	36,552,335	4.00
HSBC Bank Malaysia Berhad	26,813,170	2.94
Malayan Banking Berhad	26,408,819	2.89
Bank Islam Malaysia Berhad	14,996,404	1.64
Other financial institutions	37,668,932	4.12
Total	<u>913,626,776</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 were in respect of fixed income instruments. Transactions in these investments do not involve any commission or brokerage.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

17. 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
2022				
Assets				
Investments	377,290,567	-	-	377,290,567
Amount due from financial institution	-	5,509,185	-	5,509,185
Interest receivable	-	39,161	-	39,161
Cash at banks	-	34,222,942	-	34,222,942
Total financial assets	<u>377,290,567</u>	<u>39,771,288</u>	<u>-</u>	<u>417,061,855</u>
Liabilities				
Amount due to Manager	-	-	3,239,376	3,239,376
Amount due to Trustee	-	-	14,974	14,974
Distribution payable	-	-	107,828	107,828
Total financial liabilities	<u>-</u>	<u>-</u>	<u>3,362,178</u>	<u>3,362,178</u>
2021				
Assets				
Investments	677,255,688	-	-	677,255,688
Amount due from financial institution	-	15,440,389	-	15,440,389
Amount due from Manager	-	50,738	-	50,738
Interest receivable	-	162,619	-	162,619
Cash at banks	-	103,381,272	-	103,381,272
Total financial assets	<u>677,255,688</u>	<u>119,035,018</u>	<u>-</u>	<u>796,290,706</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

17. 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
2021 (cont'd.)				
Liabilities				
Amount due to Manager	-	-	2,894,247	2,894,247
Amount due to Trustee	-	-	30,342	30,342
Distribution payable	-	-	28,434	28,434
Total financial liabilities	-	-	<u>2,953,023</u>	<u>2,953,023</u>
			Income, expenses, gains and losses	
			2022	2021
			RM	RM
Net losses from financial assets at FVTPL			(7,575,604)	(5,877,617)
Income, of which derived from:				
- Interest income from financial assets at FVTPL			27,310,185	32,638,223
- Interest income from financial assets at amortised cost			<u>1,271,192</u>	<u>1,555,829</u>

(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 values 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

17. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments that are carried at fair value (cont'd.)

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 (Note 4)	Level 3 RM	Total RM
2022				
Financial assets at FVTPL	-	377,290,567	-	377,290,567
2021				
Financial assets at FVTPL	-	677,255,688	-	677,255,688

(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 financial institution
- Amount due from/to Manager
- Cash at banks
- Amount due to Trustee
- Distribution payable

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.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Risk management is carried out by closely monitoring, measuring and mitigating the above said risks, careful selection of investments coupled with stringent compliance to investments restrictions as stipulated by the Capital Market and Services Act 2007, Securities Commission Malaysia's Guidelines on Unit Trust Funds and the Deed as the backbone of risk management of the Fund.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

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

(a) Market risk

The Fund's principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments.

Financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as Covid-19. The outbreak of Covid-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The outcomes of global and local financial markets are highly uncertain and cannot be predicted at this point in time. Due to this, the Manager of the Fund is unable to reliably estimate the quantitative impact of Covid-19 towards the Fund's performance for the next twelve months. The Manager of the Fund will continue to actively monitor the developments in the market to minimise any potential impact to the Fund.

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	
	2022 RM	2021 RM
+100 bps	(20,109,467)	(42,213,029)
-100 bps	20,507,005	42,644,639

(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 can invest up to 100% of the NAV in fixed income instruments. As such the Fund would be exposed to the risk of bond issuers and financial institutions defaulting on its repayment obligations which in turn would affect the NAV of the Fund.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

18. 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 March 2022 and 31 March 2021:

Credit rating	RM	As a % of debt securities	As a % of NAV
2022			
AAA	39,263,285	10.41	9.49
AA	253,584,677	67.21	61.30
A	79,796,204	21.15	19.29
NR*	4,646,401	1.23	1.12
	<u>377,290,567</u>	<u>100.00</u>	<u>91.20</u>
2021			
AAA	136,517,253	20.16	17.20
AA	353,274,767	52.16	44.55
A	172,436,765	25.46	21.73
NR*	15,026,903	2.22	1.89
	<u>677,255,688</u>	<u>100.00</u>	<u>85.37</u>

* Non-rated

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

(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 March 2022 and 31 March 2021:

Sector	RM	As a % of debt securities	As a % of NAV
2022			
Construction and engineering	12,333,598	3.27	2.98
Diversified holdings	101,566,870	26.92	24.55
Financial services	97,253,579	25.78	23.51
Industrial products	15,244,709	4.04	3.69
Infrastructures and utilities	75,840,968	20.10	18.33
Mining and petroleum	14,940,045	3.96	3.61
Plantation and agriculture	10,612,084	2.81	2.57
Property and real estate	24,981,864	6.62	6.04
Trading and services	19,870,449	5.27	4.80
Transportation	4,646,401	1.23	1.12
	<u>377,290,567</u>	<u>100.00</u>	<u>91.20</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

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

(b) Credit risk (cont'd.)

(ii) Credit risk concentration (cont'd.)

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 March 2022 and 31 March 2021: (cont'd.)

Sector	RM	As a % of debt securities	As a % of NAV
2021			
Construction and engineering	37,231,003	5.50	4.70
Diversified holdings	161,261,627	23.81	20.32
Financial services	181,077,898	26.74	22.82
Industrial products	35,748,631	5.28	4.51
Infrastructures and utilities	215,591,196	31.83	27.18
Plantation and agriculture	10,913,284	1.61	1.38
Property and real estate	20,492,671	3.03	2.58
Trading and services	10,323,464	1.52	1.30
Transportation	4,615,914	0.68	0.58
	<u>677,255,688</u>	<u>100.00</u>	<u>85.37</u>

There is no geographical risk as the Fund invests only in investments in Malaysia.

(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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

18. 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
2022						
Financial assets						
Investments	17,347,658	17,342,981	32,742,495	36,502,803	114,318,539	274,638,953
Amount due from financial institution	5,509,185	-	-	-	-	-
Interest receivable	39,161	-	-	-	-	-
Cash at banks	34,222,942	-	-	-	-	-
Total assets	57,118,946	17,342,981	32,742,495	36,502,803	114,318,539	274,638,953
Financial liabilities						
Amount due to Manager	3,239,376	-	-	-	-	-
Amount due to Trustee	14,974	-	-	-	-	-
Distribution payable	107,828	-	-	-	-	-
Sundry payables and accruals	20,933	-	-	-	-	-
Total liabilities	3,383,111	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

18. 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
2021						
Financial assets						
Investments	30,275,424	29,755,824	34,752,670	69,612,769	131,788,960	603,865,005
Amount due from financial institution	15,440,389	-	-	-	-	-
Amount due from Manager	50,738	-	-	-	-	-
Interest receivable	162,619	-	-	-	-	-
Cash at banks	103,381,272	-	-	-	-	-
Total assets	149,310,442	29,755,824	34,752,670	69,612,769	131,788,960	603,865,005
Financial liabilities						
Amount due to Manager	2,894,247	-	-	-	-	-
Amount due to Trustee	30,342	-	-	-	-	-
Distribution payable	28,434	-	-	-	-	-
Sundry payables and accruals	22,048	-	-	-	-	-
Total liabilities	2,975,071	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

18. 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) Management risk

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

(g) Non-compliance risk

This is the risk of the Manager or the Trustee not complying with their respective internal policies, the Deed and its Supplemental Deed, securities law or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the Fund.

19. 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 March 2022 and 31 March 2021.

AmBond

STATEMENT BY THE MANAGER

I, Goh Wee Peng, being the Director of and on behalf of the Board of Directors of AmFunds Management Berhad (the “Manager”), do hereby state that in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of AmBond (the “Fund”) as at 31 March 2022 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

24 May 2022

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AMBOND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 March 2022 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 Deeds, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

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

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur, Malaysia
24 May 2022

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.)*

