

Semi-Annual Report for

# AmDynamic Bond

31 January 2022



**AmInvest**

Growing Your Investments in a Changing World

## TRUST DIRECTORY

### **Manager**

AmFunds Management Berhad  
9<sup>th</sup> & 10<sup>th</sup> Floor, Bangunan AmBank Group  
55 Jalan Raja Chulan  
50200 Kuala Lumpur

### **Board of Directors**

Jeyaratnam A/L Tamotharam Pillai  
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 unaudited accounts of AmDynamic Bond ("Fund") for the financial period from 1 August 2021 to 31 January 2022.

### Salient Information of the Fund

<b>Name</b>	AmDynamic Bond ("Fund")
<b>Category/ Type</b>	Bond / Income
<b>Objective</b>	AmDynamic Bond is a medium to long-term bond fund with potentially higher level of income* and risk.  <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>
<b>Duration</b>	The Fund was established on 16 September 2003 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.
<b>Performance Benchmark</b>	BPAM Corporates All Bond Index (Available at <a href="http://www.aminvest.com">www.aminvest.com</a> )  <i>Note: The risk profile of the Fund may not be the same as the risk profile of the performance benchmark.</i>
<b>Income Distribution Policy</b>	Income distribution (if any) is paid at least twice every year.

### Fund Performance Data

<b>Portfolio Composition</b>	Details of portfolio composition of the Fund for the financial period as at 31 January 2022 and three financial years as at 31 July are as follows:				
		<b>As at 31.1.2022 %</b>	<b>FY 2021 %</b>	<b>FY 2020 %</b>	<b>FY 2019 %</b>
	Local corporate bonds	83.81	86.01	81.61	72.37
	Foreign corporate bonds	8.93	8.02	13.84	1.66
	Malaysian government bonds	-	-	3.18	15.20
	Money market deposits and cash equivalents	7.26	5.97	1.37	10.77
	<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<i>Note: The abovementioned percentages are calculated based on total net asset value.</i>					

**Performance Details**

Performance details of the Fund for the financial period ended 31 January 2022 and three financial years ended 31 July are as follows:

	Half year ended 31.1.2022	FY 2021	FY 2020	FY 2019
Net asset value (RM)*	113,208,926	122,966,351	186,179,045	133,638,170
Units in circulation*	166,461,605	177,915,374	261,814,601	194,144,755
Net asset value per unit (RM)*	0.6801	0.6912	0.7111	0.6883
Highest net asset value per unit (RM)*	0.6941	0.7172	0.7200	0.7027
Lowest net asset value per unit (RM)*	0.6799	0.6856	0.6745	0.6460
Benchmark performance (%)	0.27	0.67	8.35	9.21
Total return (%) <sup>(1)</sup>	-0.16	0.71	7.35	11.81
- Capital growth (%)	-1.61	-2.78	3.37	6.85
- Income distribution (%)	1.45	3.49	3.98	4.96
Gross distribution (sen per unit)	1.00	2.50	2.74	3.20
Net distribution (sen per unit)	1.00	2.48	2.72	3.20
Total expense ratio (%) <sup>(2)</sup>	1.06	1.05	1.05	1.05
Portfolio turnover ratio (times) <sup>(3)</sup>	0.08	0.78	0.82	1.01

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

*Note:*

- (1) Total return is the actual/annualised return of the Fund for the respective financial period/years computed based on net asset value per unit and net of all fees.*
- (2) Total expense ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis. The TER increased by 0.01% as compared to 1.05% for the financial year ended 31 July 2021 mainly due to decrease in average fund size.*
- (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 0.70 times (89.7%) as compared to 0.78 times for the financial year ended 31 July 2021 mainly due to decrease in investing activities.*

**Average Total Return (as at 31 January 2022)**

	<b>AmDynamic Bond<sup>(a)</sup></b> %	<b>BPAM Corps All Bond Index/ AMGS<sup>**</sup>(b)</b> %
One year	-0.40	0.00
Three years	5.22	4.91
Five years	5.37	5.10
Ten years	4.92	4.43

**Annual Total Return**

<b>Financial Years Ended (31 July)</b>	<b>AmDynamic Bond<sup>(a)</sup></b> %	<b>BPAM Corps All Bond Index/ AMGS<sup>**</sup>(b)</b> %
2021	0.71	0.67
2020	7.35	8.35
2019	11.81	9.21
2018	5.28	4.76
2017	3.85	3.29

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

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

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

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

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

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

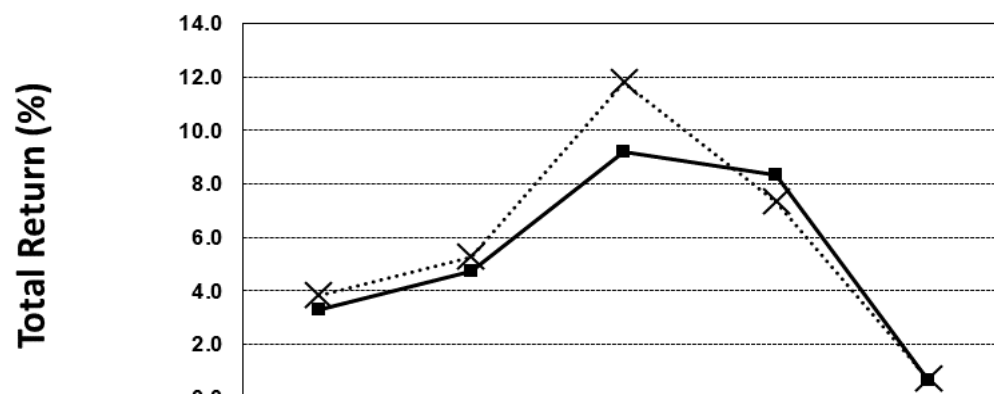
**Fund Performance**

For the financial period under review, the Fund registered a negative return of 0.16% comprising of negative 1.61% capital and 1.45% income distribution.

Thus, the Fund's negative return of 0.16% has underperformed the benchmark's return of 0.27% by 0.43%.

As compared with the financial year ended 31 July 2021, the net asset value ("NAV") per unit of the Fund decreased by 1.61% from RM0.6912 to RM0.6801, while units in circulation decreased by 6.44% from 177,915,374 units to 166,461,605 units.

The line chart below shows comparison between the annual performances of AmDynamic Bond and its benchmark, BPAM Corps All Bond Index/ AMGS, for the financial years ended 31 July.



	2017	2018	2019	2020	2021
...x... Fund	3.85	5.28	11.81	7.35	0.71
—■— Benchmark	3.29	4.76	9.21	8.35	0.67

Financial Years Ended (31 July)

**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 debt securities, and by active portfolio trading.

The Fund's investment maturity profile is subject to active tactical duration management in view of the interest rate view.

**Portfolio Structure**

This table below is the asset allocation of the Fund for the financial period/year under review.

	As at 31.1.2022 %	As at 31.7.2021 %	Changes %
Local corporate bonds	83.81	86.01	-2.20
Foreign corporate bonds	8.93	8.02	0.91
Money market deposits and cash equivalents	7.26	5.97	1.29
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	

For the financial period under review, the Fund highly invested in corporate bonds with an exposure of 92.74% of the Fund's NAV while 7.26% of its NAV 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.

<b>Distribution/ unit splits</b>	<p>During the financial period under review, the Fund declared income distribution, detailed as follows:</p> <table border="1" data-bbox="359 224 1476 358"> <thead> <tr> <th data-bbox="359 224 606 324">Date of distribution</th> <th data-bbox="606 224 933 324">Distribution per unit (sen)</th> <th data-bbox="933 224 1204 324">NAV per unit Cum-Distribution (RM)</th> <th data-bbox="1204 224 1476 324">NAV per unit Ex-Distribution (RM)</th> </tr> </thead> <tbody> <tr> <td data-bbox="359 324 606 358">21-Jan-22</td> <td data-bbox="606 324 933 358">1.00</td> <td data-bbox="933 324 1204 358">0.6901</td> <td data-bbox="1204 324 1476 358">0.6801</td> </tr> </tbody> </table> <p>There was no unit split declared for the financial period under review.</p>	Date of distribution	Distribution per unit (sen)	NAV per unit Cum-Distribution (RM)	NAV per unit Ex-Distribution (RM)	21-Jan-22	1.00	0.6901	0.6801
Date of distribution	Distribution per unit (sen)	NAV per unit Cum-Distribution (RM)	NAV per unit Ex-Distribution (RM)						
21-Jan-22	1.00	0.6901	0.6801						
<b>State of Affairs</b>	<p>There has been neither significant changes to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial period under review.</p>								
<b>Rebates and Soft Commission</b>	<p>During the period, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.</p>								
<b>Market Review</b>	<p>In the 4th quarter of 2021, the Malaysian bond markets were weighed by weak global bond sentiment amid elevated inflation which heightened rate hikes expectation. The thin trading volume also contributed to the volatile performance in the local bond market. Overall, the Malaysian Government Securities (MGS) curve flattened during the quarter with higher yields in the front and belly part of the curve and lower in the back end.</p> <p>MGS yields spiked across the curve in October, tracking the rising global bond yields following a hawkish shift in global central banks' monetary outlook amid rising crude oil prices. With inflation looks increasingly likely to remain "high for longer", market was pricing in about two hikes by both the United States (US) Fed and Bank Negara Malaysia (BNM) in 2022, and a more aggressive rate tightening by the Bank of England.</p> <p>In the first week of November, MGS market rallied driven by global bond markets following Fed's reiteration of transitory inflation outlook as well as dovish surprises from Bank of England and Royal Bank of Australia. The bullish trend in the United States Treasury (UST) curve was quickly reversed after the US reported October Consumer Price Index (CPI) of 6.20% YoY, which marked the strongest inflation print in three decades. However, MGS yields were partially supported by the release of weaker-than-expected 3Q2021 Gross Domestic Product (GDP) reading which strengthened the case for BNM accommodative monetary policy to remain intact. Overall, Malaysian Government Securities (MGS) and Government Investment Issues (GII) curves shifted lower over the month.</p> <p>With subdued trading volume and cautious sentiment in December, the bond market was generally weaker, particularly the 3-year MGS which saw yield spiking by 16bps during the month. This was partially driven by the higher UST yields amid improved global risk sentiment on easing Omicron fears.</p> <p>In the corporate bonds space, trading volume declined by 39.8% q-o-q in line with subdued trading activities in the government bond market. Credit spreads have generally widened for medium- and long-term AAA and AA-rated corporate bonds due to relatively higher trading volume and primary issuances in these segments. On the other hand, credit spreads tightened for short-term AAA and AA-rated as well as A-rated corporate bonds, largely driven by relatively lower trading activities in these segments resulting in slow repricing.</p> <p>In January 2022, Malaysia's fixed income market was driven by a volatile UST market as the US Fed turned hawkish to acknowledge the persistently high inflation in the US.</p>								



	<p>The US central bank accelerated the pace of its tapering to USD30b per month (from initial guidance of USD15b per month), pulling forward the timeline to conclude its asset purchase programme to early 2022. In addition, market participants were also expecting as much as 100bps US policy rate hikes for the year. The UST yield curve bearish flattened as a result, with 2-year, 10-year, and 30-year Treasury yields ended January at 1.18% (+45bps), 1.78% (+27bps) and 2.11% (+21bps) respectively.</p> <p>The spike in UST yields spilled over to emerging markets, including Malaysia. Nevertheless, an accommodative BNM kept Overnight Policy Rate (OPR) unchanged at 1.75% in January's Monetary Policy Committee's (MPC) meeting, taking note of inflation risk but emphasized that downside risks to growth still persist. BNM's relatively dovish tone kept the rise in sovereign bond yields in check, where MGS yield curve shifted higher by as much as 16bps, but 3-year and 10-year MGS yields were relatively unchanged. The 3-year, 10-year and 30-year MGS yields ended the month at 2.98% (+1bp), 3.65% (+2bps), and 4.33% (+13bps) respectively.</p> <p>There were three sovereign bond auctions in January. The first auction was the MYR5.0b re-opening of 5-year MGS, which closed at an average yield of 3.273% and healthy bid-to-cover ratio of 2.33x. The second auction was the MYR4.5b new issuance of 10-year MGS, which garnered decent bid-to-cover ratio of 2.04x and closed at an average yield of 3.582%. The final auction of the month was the MYR3.0b re-opening of 15-year GII at an average yield of 4.161% and a strong bid-to-cover ratio of 2.54x. There was no private placement during the month.</p> <p>In the corporate bond space, trading volume in January rose by 34.8% to MYR6.6b (December 2021: MYR4.9b) as domestic investors responded to the rising yield environment. Credit spreads generally tightened as generic corporate yield curves shifted higher, with the exception of 3-year and 10-year tenures where credit spreads widened due to relatively unchanged MGS yields. The 3-year, 5-year, and 10-year generic AAA corporate yields ended the month at 3.31% (+6bps), 3.67% (+7bps), and 4.19% (+9bps) respectively. Notable issuances during the month include Sabah Credit Corporation (MYR200m, AA1), Dialog Group Berhad (MYR500m, AA2), and Perbadanan Kemajuan Negeri Selangor (MYR200m, AA3).</p>
<p><b>Market Outlook</b></p>	<p>We opine that the US Federal Reserve will remain focused on managing inflation expectations in the US, while BNM will be more reactive and have greater tolerance towards domestic inflation, given the lag in business cycle between the two countries. The resulting monetary policy divergence should give rise to a more domestic-driven fixed income market in Malaysia, which will be more resistant against UST volatility.</p> <p>Domestically, we expect demand and supply dynamics of sovereign bonds to improve in the first quarter, with MYR17.5b of sovereign bonds scheduled to mature in March. In addition, foreign demand for Malaysia's sovereign bonds may persist as a continuation of trend from 2021 where foreign investors added MYR31.8b of MGS and GII. These factors should remain supportive of Malaysia's fixed income market in the near-term.</p>

<b>Additional Information</b>	<p>The following information was updated:</p> <p>1) The Seventh Supplementary Master Prospectus dated 26 October 2021 and the Eighth Supplementary Master Prospectus dated 20 December 2021 have been registered with the Securities Commission Malaysia, to include the changes of but not limited to:</p> <ul style="list-style-type: none"><li>• the issuance of the 22<sup>nd</sup> Supplemental Master Deed dated 17 June 2021;</li><li>• the update to the section on Salient Terms of the Deed;</li><li>• the update on definition of “Classes”;</li><li>• the update on the investment committee;</li><li>• the revision made to the section on Related Party Transactions / Conflict of Interest; and</li><li>• the update to the section on Taxation</li></ul> <p>Notice of the changes for the Seventh Supplementary Master Prospectus dated 26 October 2021 and the Eighth Supplementary Master Prospectus dated 20 December 2021 have been published on our website at <a href="http://www.aminvest.com">www.aminvest.com</a> and sent to the Unit Holders.</p>
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Kuala Lumpur, Malaysia  
AmFunds Management Berhad

24 March 2022

## AmDynamic Bond

### CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2022

	Note	31.1.2022 (unaudited) RM	31.7.2021 (audited) RM
<b>ASSETS</b>			
Investments	4	104,991,439	115,622,447
Amount due from Manager	5(a)	56,485	-
Sundry receivable		72	3,442
Tax recoverable		30,888	20,175
Deposits with financial institution	6	8,255,396	7,717,370
Cash at banks		13,941	11,680
<b>TOTAL ASSETS</b>		<u>113,348,221</u>	<u>123,375,114</u>
<b>LIABILITIES</b>			
Amount due to Manager	5(b)	106,256	382,961
Amount due to Trustee	7	3,852	4,038
Distribution payable		16,717	10,058
Sundry payables and accruals		12,470	11,706
<b>TOTAL LIABILITIES</b>		<u>139,295</u>	<u>408,763</u>
<b>NET ASSET VALUE (“NAV”) OF THE FUND</b>		<u>113,208,926</u>	<u>122,966,351</u>
<b>EQUITY</b>			
Unit holders’ capital	9(a)	107,169,766	115,091,677
Retained earnings	9(b)(c)	6,039,160	7,874,674
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	9	<u>113,208,926</u>	<u>122,966,351</u>
<b>UNITS IN CIRCULATION</b>	9(a)	<u>166,461,605</u>	<u>177,915,374</u>
<b>NAV PER UNIT (RM) - EX-DISTRIBUTION</b>		<u>0.6801</u>	<u>0.6912</u>

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

## AmDynamic Bond

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited) FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

	Note	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.1.2021 RM
<b>INVESTMENT INCOME</b>			
Interest income		2,511,460	3,855,607
Other income – exit penalty	9(a)	146,189	300,428
Net losses from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	<u>(2,193,929)</u>	<u>(1,405,153)</u>
		<u>463,720</u>	<u>2,750,882</u>
<b>EXPENDITURE</b>			
Manager’s fee	5	(601,012)	(955,797)
Trustee’s fee	7	(24,040)	(38,232)
Audit fee		(3,521)	(3,241)
Tax agent’s fee		(2,319)	(2,294)
Custodian’s fee		(1,480)	(3,401)
Other expenses		<u>(6,800)</u>	<u>(1,823)</u>
		<u>(639,172)</u>	<u>(1,004,788)</u>
<b>Net (loss)/income before taxation</b>		(175,452)	1,746,094
<b>Taxation</b>	11	<u>(20,552)</u>	<u>(49,068)</u>
<b>Net (loss)/income after taxation, representing total comprehensive (loss)/income for the financial period</b>		<u>(196,004)</u>	<u>1,697,026</u>
Total comprehensive (loss)/income comprises the following:			
Realised income		2,165,319	3,673,591
Unrealised losses		<u>(2,361,323)</u>	<u>(1,976,565)</u>
		<u>(196,004)</u>	<u>1,697,026</u>
<b>Distribution for the financial period</b>			
Net distribution	12	<u>1,639,510</u>	<u>3,318,743</u>
Gross distribution per unit (sen)	12	<u>1.00</u>	<u>1.42</u>
Net distribution per unit (sen)	12	<u>1.00</u>	<u>1.41</u>

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

## AmDynamic Bond

### CONDENSED STATEMENT OF CHANGES IN EQUITY *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 August 2020		173,671,100	12,507,945	186,179,045
Total comprehensive income for the financial period		-	1,697,026	1,697,026
Creation of units	9(a)	15,754,678	-	15,754,678
Reinvestment of distribution	9(a),12	3,295,172	-	3,295,172
Cancellation of units	9(a)	(35,670,003)	-	(35,670,003)
Distribution	12	-	(3,318,743)	(3,318,743)
Balance at 31 January 2021		<u>157,050,947</u>	<u>10,886,228</u>	<u>167,937,175</u>
At 1 August 2021		115,091,677	7,874,674	122,966,351
Total comprehensive loss for the financial period		-	(196,004)	(196,004)
Creation of units	9(a)	4,443,820	-	4,443,820
Reinvestment of distribution	9(a),12	1,622,793	-	1,622,793
Cancellation of units	9(a)	(13,988,524)	-	(13,988,524)
Distribution	12	-	(1,639,510)	(1,639,510)
Balance at 31 January 2022		<u>107,169,766</u>	<u>6,039,160</u>	<u>113,208,926</u>

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

## AmDynamic Bond

### CONDENSED STATEMENT OF CASH FLOWS *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.1.2021 RM
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from maturity/sale of investments	13,412,190	61,654,983
Interest received	2,536,349	4,243,168
Other income – exit penalty	149,559	290,664
Manager’s fee paid	(606,117)	(974,541)
Trustee’s fee paid	(24,226)	(38,602)
Custodian’s fee paid	(1,480)	(3,401)
Tax agent’s fee paid	-	(4,600)
Tax paid	(31,265)	(43,024)
Payments for other expenses	(11,875)	(9,213)
Purchase of investments	(5,000,000)	(48,361,001)
Net cash generated from operating and investing activities	<u>10,423,135</u>	<u>16,754,433</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	4,387,335	15,883,650
Payments for cancellation of units	(14,260,125)	(34,707,960)
Distribution paid	(10,058)	(75,550)
Net cash used in financing activities	<u>(9,882,848)</u>	<u>(18,899,860)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	540,287	(2,145,427)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>7,729,050</u>	<u>8,582,795</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>8,269,337</u>	<u>6,437,368</u>
Cash and cash equivalents comprise:		
Deposits with financial institution	8,255,396	6,381,309
Cash at banks	13,941	56,059
	<u>8,269,337</u>	<u>6,437,368</u>

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

## AmDynamic Bond

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

#### 1. GENERAL INFORMATION

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

The financial statements were authorised for issue by the Manager on 24 March 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 134: Interim Financial Reporting (“MFRS 134”) as issued by the Malaysian Accounting Standards Board (“MASB”).

##### Standards effective during the financial period

The adoption of MFRS which has been effective during the financial period did not have any material financial impact to the financial statements, which as per the following:

<b>Description</b>	<b>Effective for financial periods beginning on or after</b>
<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:

## AmDynamic Bond

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 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
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16)*	1 April 2021
Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018-2020”	1 January 2022
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</i> <i>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</i> <i>Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution</i> <i>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.



**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**3.1 Income recognition (cont'd.)**

(i) Interest income

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

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

(ii) Gain or loss on disposal of investments

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

**3.2 Income tax**

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

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

**3.3 Functional and presentation currency**

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

**3.4 Foreign currency transactions**

Transactions in currencies other than the Fund's functional currency (foreign currencies) are recorded in the functional currency using exchange rates prevailing at the transaction dates. At each reporting date, foreign currency monetary items are translated into RM at exchange rates ruling at the reporting date. All exchange gains or losses are recognised in profit or loss.

**3.5 Statement of cash flows**

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

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

**3.6 Distribution**

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

**3.7 Unit holders' capital**

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

**3.8 Financial assets – initial recognition and measurement**

(i) Initial recognition

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

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

(ii) Initial measurement

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

(iii) “Day 1” profit or loss

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

**3.9 Financial assets – classification and subsequent measurement**

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

*Business model*

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

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

*Cash flow characteristics*

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

**3.10 Financial assets under MFRS 9**

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

*Financial assets at FVOCI*

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

**3.10 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". Exchange differences on financial assets at FVTPL are not recognised separately in profit or loss but are included in net gain or net loss on changes in fair value of financial assets at FVTPL.

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

**3.11 Financial liabilities – classification and subsequent measurement**

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

**3.12 Derecognition of financial instruments**

(i) Derecognition of financial asset

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

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

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

(ii) Derecognition of financial liability

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

**3.13 Financial instruments – expected credit losses (“ECL”)**

The Fund assesses 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.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

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

Financial assets together with the associated allowance are written off when it has exhausted all practical recovery efforts and there is no realistic prospect of future recovery. The Fund may also write-off financial assets that are still subject to enforcement activity when there is no reasonable expectation of full recovery. If a write-off is later recovered, the recovery is credited to profit or loss.

**3.14 Determination of fair value**

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

**3.15 Classification of realised and unrealised gains and losses**

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

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

**3.16 Significant accounting estimates and judgments**

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

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

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

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

**4. INVESTMENTS**

	Note	31.1.2022 RM	31.7.2021 RM
<b>Financial assets at FVTPL</b>			
Fixed income securities - local	(a)	94,885,228	105,766,843
Fixed income securities - foreign	(b)	10,106,211	9,855,604
		<u>104,991,439</u>	<u>115,622,447</u>

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

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>(a) Fixed income securities - local</b>					
<b>Corporate bonds</b>					
05.09.2014	Kinsteel Berhad*	500,000	-	-	-
27.02.2025	TG Excellence Berhad	10,000,000	10,113,486	10,218,744	8.93
25.06.2026	SP Setia Berhad	5,000,000	5,020,036	5,018,986	4.43
21.12.2026	MBSB Bank Berhad	8,000,000	8,418,759	8,049,479	7.44
19.03.2027	IJM Land Berhad	5,000,000	5,266,731	5,105,181	4.65
05.11.2027	Malaysia Airports Holdings Berhad	5,000,000	4,858,925	5,038,425	4.29



## AmDynamic Bond

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

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

Details of investments as at 31 January 2022 are as follows: (cont'd.)

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>(a) Fixed income securities - local (cont'd.)</b>					
<b>Corporate bonds (cont'd.)</b>					
16.11.2027	Dialog Group Berhad	2,500,000	2,483,362	2,521,887	2.19
03.12.2027	Sime Darby Property Berhad	5,000,000	4,876,160	5,028,110	4.31
09.12.2027	First Abu Dhabi Bank PJSC	1,000,000	1,047,297	1,017,812	0.93
10.02.2028	AEON Credit Service (M) Berhad	5,000,000	4,988,917	5,091,767	4.41
20.04.2028	UMW Holdings Berhad	11,000,000	12,236,325	11,199,025	10.81
28.12.2028	PONSB Capital Berhad	5,000,000	5,068,581	5,023,781	4.48
30.04.2031	OSK Rated Bond Sdn. Bhd.	5,000,000	5,052,522	5,058,822	4.46
30.04.2031	Southern Power Generation Sdn. Bhd.	5,000,000	5,357,372	5,830,640	4.73
31.10.2031	Southern Power Generation Sdn. Bhd.	5,000,000	5,368,143	5,914,175	4.74
23.06.2034	YTL Corporation Berhad	5,000,000	4,705,785	5,057,750	4.16
11.11.2036	YTL Corporation Berhad	4,000,000	3,966,159	4,075,644	3.50
05.01.2038	Edra Energy Sdn. Bhd.	5,000,000	6,056,668	5,188,789	5.35
<b>Total fixed income securities - local</b>		<b>91,500,000</b>	<b>94,885,228</b>	<b>94,439,017</b>	<b>83.81</b>

## AmDynamic Bond

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

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

Details of investments as at 31 January 2022 are as follows: (cont'd.)

Maturity date	Issuer	Nominal value CNY	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>(b) Fixed income securities - foreign</b>					
<b>Corporate bonds denominated in Chinese Yuan ("CNY")</b>					
29.06.2026	HSBC Holdings plc	15,000,000	10,106,211	9,824,171	8.93
<b>Total fixed income securities - foreign</b>		<b>15,000,000</b>	<b>10,106,211</b>	<b>9,824,171</b>	<b>8.93</b>
<b>Total financial assets at FVTPL</b>			<b>104,991,439</b>	<b>104,263,188</b>	<b>92.74</b>
<b>Excess of fair value over adjusted cost</b>			<b>728,251</b>		

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

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>(a) Fixed income securities - local</b>					
<b>Corporate bonds</b>					
05.09.2014	Kinsteel Berhad*	500,000	-	-	-
27.02.2025	TG Excellence Berhad	10,000,000	10,338,240	10,222,882	8.41
25.06.2026	S P Setia Berhad	5,000,000	5,062,836	5,018,986	4.12
21.12.2026	MBSB Bank Berhad	13,250,000	14,083,470	13,326,233	11.45
19.03.2027	IJM Land Berhad	5,000,000	5,337,081	5,105,181	4.34

## AmDynamic Bond

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

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

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

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>(a) Fixed income securities - local (cont'd.)</b>					
<b>Corporate bonds (cont'd.)</b>					
05.11.2027	Malaysia Airports Holdings Berhad	5,000,000	4,919,427	5,038,877	4.00
16.11.2027	Dialog Group Berhad	5,000,000	5,110,387	5,042,637	4.16
03.12.2027	Sime Darby Property Berhad	5,000,000	5,003,073	5,027,173	4.07
09.12.2027	First Abu Dhabi Bank PJSC	1,000,000	1,081,837	1,018,373	0.88
10.02.2028	AEON Credit Service (M) Berhad	5,000,000	5,092,135	5,090,185	4.14
20.04.2028	UMW Holdings Berhad	11,000,000	12,551,387	11,195,197	10.21
04.10.2030	Quantum Solar Park (Semenanjung) Sdn. Bhd.	5,000,000	5,638,514	5,597,837	4.59
30.04.2031	OSK Rated Bond Sdn. Bhd.	5,000,000	5,194,814	5,056,964	4.22
30.04.2031	Southern Power Generation Sdn. Bhd.	5,000,000	5,558,014	5,863,935	4.52
31.10.2031	Southern Power Generation Sdn. Bhd.	5,000,000	5,572,669	5,949,092	4.53

## AmDynamic Bond

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

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

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

Maturity date	Issuer	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>(a) Fixed income securities - local (cont'd.)</b>					
<b>Corporate bonds (cont'd.)</b>					
23.06.2034	YTL Corporation Berhad	5,000,000	4,975,485	5,058,799	4.05
11.11.2036	YTL Corporation Berhad	4,000,000	4,174,675	4,075,748	3.39
05.01.2038	Edra Energy Sdn. Bhd.	5,000,000	6,072,799	5,190,852	4.93
<b>Total fixed income securities-local</b>		<b>99,750,000</b>	<b>105,766,843</b>	<b>102,878,951</b>	<b>86.01</b>
<b>(b) Fixed income securities - foreign</b>					
<b>Corporate bonds denominated in Chinese Yuan ("CNY")</b>					
29.06.2026	HSBC Holdings plc	15,000,000	9,855,604	9,653,922	8.02
<b>Total fixed income securities-foreign</b>		<b>15,000,000</b>	<b>9,855,604</b>	<b>9,653,922</b>	<b>8.02</b>
<b>Total financial assets at FVTPL</b>			<b>115,622,447</b>	<b>112,532,873</b>	<b>94.03</b>
<b>Excess of fair value over adjusted cost</b>			<b>3,089,574</b>		

\* Kinsteel Berhad - corporate bond has been written off and no value has been ascribed to this investment.

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### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

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

	Note	31.1.2022 RM	31.7.2021 RM
<b>(a) Due from Manager</b>			
Creation of units	(i)	<u>56,485</u>	<u>-</u>
<b>(b) Due to Manager</b>			
Redemption of units	(ii)	3,699	275,300
Manager's fee payable	(iii)	<u>102,557</u>	<u>107,661</u>
		<u>106,256</u>	<u>382,961</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 financial year and current financial period 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 financial year and current financial period for Manager's fee payable is one month.

#### 6. DEPOSITS WITH FINANCIAL INSTITUTION

	31.1.2022 RM	31.7.2021 RM
At nominal value:		
Short-term deposits with a licensed bank	<u>8,255,000</u>	<u>7,717,000</u>
At carrying value:		
Short-term deposits with a licensed bank	<u>8,255,396</u>	<u>7,717,370</u>

## AmDynamic Bond

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

#### 6. DEPOSITS WITH FINANCIAL INSTITUTION (CONT'D.)

Details of deposits with financial institution are as follows:

Maturity date	Bank	Nominal value RM	Carrying value RM	Carrying value as a percentage of NAV %
<b>31.1.2022</b>				
<b>Short-term deposits with a licensed bank</b>				
03.02.2022	Public Bank Berhad	<u>8,255,000</u>	<u>8,255,396</u>	<u>7.29</u>
<b>31.7.2021</b>				
<b>Short-term deposits with a licensed bank</b>				
02.08.2021	Hong Leong Bank Berhad	<u>7,717,000</u>	<u>7,717,370</u>	<u>6.28</u>

#### 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 financial year and current financial period for Trustee's fee payable is one month.

#### 8. NET LOSSES FROM INVESTMENTS

	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.1.2021 RM
Net losses on financial assets at FVTPL comprised:		
- Net realised gains on sale of investments	167,404	933,492
- Net realised losses on foreign currency exchange	(10)	(362,080)
- Net unrealised losses on changes in fair value of investments	(2,440,373)	(2,379,311)
- Net unrealised gains on foreign currency fluctuation of investments denominated in foreign currency	79,050	402,746
	<u>(2,193,929)</u>	<u>(1,405,153)</u>

## AmDynamic Bond

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

#### 9. TOTAL EQUITY

Total equity is represented by:

	Note	31.1.2022 RM	31.7.2021 RM
Unit holders' capital	(a)	107,169,766	115,091,677
Retained earnings			
– Realised income	(b)	5,310,909	4,785,100
– Unrealised gains	(c)	728,251	3,089,574
		<u>113,208,926</u>	<u>122,966,351</u>

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

	31.1.2022		31.7.2021	
	Number of units	RM	Number of units	RM
At beginning of the financial period/year	177,915,374	115,091,677	261,814,601	173,671,100
Creation during the financial period/year	6,458,937	4,443,820	24,123,788	17,183,828
Distribution reinvested	2,386,109	1,622,793	7,395,000	5,164,107
Cancellation during the financial period/year	<u>(20,298,815)</u>	<u>(13,988,524)</u>	<u>(115,418,015)</u>	<u>(80,927,358)</u>
At end of the financial period/year	<u>166,461,605</u>	<u>107,169,766</u>	<u>177,915,374</u>	<u>115,091,677</u>

The Manager charged an exit penalty fee of 1.00% (2021: 1.00%) on the NAV per unit of the Fund during the financial period. The exit penalty shall be placed back to the Fund.

#### (b) Realised – distributable

	31.1.2022 RM	31.7.2021 RM
At beginning of the financial period/year	4,785,100	908,092
Net realised income for the financial period/year	2,165,319	9,074,744
Distribution out of realised income	<u>(1,639,510)</u>	<u>(5,197,736)</u>
At end of the financial period/year	<u>5,310,909</u>	<u>4,785,100</u>

## AmDynamic Bond

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

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

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

	31.1.2022	31.7.2021
	RM	RM
At beginning of the financial period/year	3,089,574	11,599,853
Net unrealised losses for the financial period/year	<u>(2,361,323)</u>	<u>(8,510,279)</u>
At end of the financial period/year	<u>728,251</u>	<u>3,089,574</u>

#### 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 January 2022 and 31 July 2021.

#### 11. TAXATION

	1.8.2021 to	1.8.2020 to
	31.1.2022	31.1.2021
	RM	RM
Current financial period - local	<u>20,552</u>	<u>49,068</u>

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

Pursuant to Schedule 6 of the Income Tax Act, 1967, provided that the exemption shall not apply to the interest paid on 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 (loss)/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:



## AmDynamic Bond

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

#### 11. TAXATION (CONT'D.)

	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.1.2021 RM
Net (loss)/income before taxation	<u>(175,452)</u>	<u>1,746,094</u>
Taxation at Malaysian statutory rate of 24% (2021: 24%)	(42,108)	419,063
Tax effects of:		
Income not subject to tax	(661,900)	(1,246,043)
Loss not allowed for tax deduction	585,692	657,934
Restriction on tax deductible expenses for unit trust fund	130,797	207,314
Non-permitted expenses for tax purposes	8,071	10,800
Tax expense for the financial period	<u>20,552</u>	<u>49,068</u>

#### 12. DISTRIBUTION

Distribution to unit holders declared on 21 January 2022 (declared on 22 January 2021 for the previous financial period) are from the following sources:

	1.8.2021 to 31.1.2022 RM	1.8.2020 to 31.1.2021 RM
Interest income	2,044,009	3,312,493
Other income – exit penalty	136,246	258,109
Net realised gains on sale of investments	<u>118,979</u>	<u>801,997</u>
	2,299,234	4,372,599
Less: Expenses	(639,172)	(1,004,788)
Tax	<u>(20,552)</u>	<u>(49,068)</u>
Total amount of distribution	<u>1,639,510</u>	<u>3,318,743</u>
Gross distribution per unit (sen)	<u>1.00</u>	<u>1.42</u>
Net distribution per unit (sen)	<u>1.00</u>	<u>1.41</u>
Distribution made out of:		
- Realised income	<u>1,639,510</u>	<u>3,318,743</u>
Comprising:		
Distribution reinvested	1,622,793	3,295,172
Distribution payable	16,717	23,571
	<u>1,639,510</u>	<u>3,318,743</u>

## AmDynamic Bond

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

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

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

The above distribution have been proposed before taking into account the net unrealised loss of RM2,440,373 (2021: RM2,379,311) arising during the financial period.

#### 13. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	<b>1.8.2021 to 31.1.2022 % p.a.</b>	<b>1.8.2020 to 31.1.2021 % p.a.</b>
Manager’s fee	1.00	1.00
Trustee’s fee	0.04	0.04
Fund’s other expenses	0.02	0.01
Total TER	<u>1.06</u>	<u>1.05</u>

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

#### 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 0.08 times (2021: 0.28 times).

## AmDynamic Bond

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

#### 15. 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 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.

	1.8.2021 to 31.1.2022			1.8.2020 to 31.1.2021		
	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	170,249	2,341,211	2,511,460	207,829	3,647,778	3,855,607
Net losses from investments:						
- Financial assets at FVTPL	80,358	(2,274,287)	(2,193,929)	88,872	(1,494,025)	(1,405,153)
Total segment investment income for the financial period	<u>250,607</u>	<u>66,924</u>	<u>317,531</u>	<u>296,701</u>	<u>2,153,753</u>	<u>2,450,454</u>
Financial assets at FVTPL	10,106,211	94,885,228	104,991,439	9,855,604	105,766,843	115,622,447
Deposits with financial institution	-	8,255,396	8,255,396	-	7,717,370	7,717,370
Total segment assets	<u>10,106,211</u>	<u>103,140,624</u>	<u>113,246,835</u>	<u>9,855,604</u>	<u>113,484,213</u>	<u>123,339,817</u>

## AmDynamic Bond

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

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

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

	<b>1.8.2021 to 31.1.2022</b>	<b>1.8.2020 to 31.1.2021</b>
	<b>RM</b>	<b>RM</b>
Net reportable segment investment income	317,531	2,450,454
Other income – exit penalty	146,189	300,428
Less: Expenses	<u>(639,172)</u>	<u>(1,004,788)</u>
Net (loss)/income before taxation	(175,452)	1,746,094
Taxation	<u>(20,552)</u>	<u>(49,068)</u>
Net (loss)/income after taxation	<u>(196,004)</u>	<u>1,697,026</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.

	<b>31.1.2022</b>	<b>31.7.2021</b>
	<b>RM</b>	<b>RM</b>
Total segment assets	113,246,835	123,339,817
Amount due from Manager	56,485	-
Sundry receivable	72	3,442
Tax recoverable	30,888	20,175
Cash at banks	13,941	11,680
Total assets of the Fund	<u>113,348,221</u>	<u>123,375,114</u>
Total segment liabilities	-	-
Amount due to Manager	106,256	382,961
Amount due to Trustee	3,852	4,038
Distribution payable	16,717	10,058
Sundry payables and accruals	12,470	11,706
Total liabilities of the Fund	<u>139,295</u>	<u>408,763</u>

## AmDynamic Bond

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

#### 16. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with financial institutions for the financial period ended 31 January 2022 are as follows:

Financial institutions	Transaction value	
	RM	%
Standard Chartered Bank Malaysia Berhad	13,515,852	73.00
CIMB Bank Berhad	5,000,000	27.00
Total	<u>18,515,852</u>	<u>100.00</u>

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

#### 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

##### (a) Market risk

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

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.

## AmDynamic Bond

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022

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

##### (a) Market risk (cont'd.)

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

##### (i) Interest rate risk

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

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

##### (ii) Currency risk

Currency risk is associated with the Fund's assets and liabilities that are denominated in currencies other than the Fund's functional currency. Currency risk refers to the potential loss the Fund might face due to unfavorable fluctuations of currencies other than the Fund's functional currency against the Fund's functional currency.

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

Assets denominated in	31.1.2022		31.7.2021	
	RM equivalent	% of NAV	RM equivalent	% of NAV
<b>United States Dollar</b>				
Cash at bank	99	-*	746	-*
<b>Chinese Yuan</b>				
Investments	10,106,211	8.93	9,855,604	8.02
Cash at bank	12	-*	12	-*
	<u>10,106,223</u>	<u>8.93</u>	<u>9,855,616</u>	<u>8.02</u>
<b>Indonesian Rupiah</b>				
Cash at bank	3	-*	3	-*

\* 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 CONDENSED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2021 TO 31 JANUARY 2022**

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

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

For deposits with financial institutions, the Fund makes placements with financial institutions with sound rating of P1/MARC-1 and above. Cash at banks are held for liquidity purposes and are not exposed to significant credit risk.

**(c) Liquidity risk**

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise of 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 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.

## **AmDynamic Bond**

### **STATEMENT BY THE MANAGER**

I, Goh Wee Peng, being the Director of and on behalf of the Board of Directors of AmFunds Management Berhad (the “Manager”), do hereby state that in the opinion of the Manager, the accompanying condensed financial statements are drawn up in accordance with Malaysian Financial Reporting Standards so as to give a true and fair view of the financial position of AmDynamic Bond (the “Fund”) as at 31 January 2022 and the comprehensive income, the changes in equity and cash flows for the financial period then ended.

For and on behalf of the Manager

**GOH WEE PENG**

Executive Director

Kuala Lumpur, Malaysia  
24 March 2022



## **TRUSTEE'S REPORT**

### **TO THE UNIT HOLDERS OF AMDYNAMIC BOND**

We have acted as Trustee of AmDynamic Bond ("the Fund") for the financial period from 1 August 2021 to 31 January 2022. To the best of our knowledge, AmFunds Management Berhad ("the Management Company"), has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Management Company and the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

During this financial period, a total distribution of 1.00 sen per unit (net) has been distributed to the unit holders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat  
Manager, Investment Compliance Monitoring

Kuala Lumpur, Malaysia  
24 March 2022

## DIRECTORY

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

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

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

