

ABF Malaysia Bond Index Fund

Quarterly Report

31 March 2018

TRUST DIRECTORY

Manager

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

Board of Directors

Raja Maimunah Binti Raja Abdul Aziz
Dato' Mustafa Bin Mohd Nor
Tai Terk Lin
Goh Wee Peng
Sum Leng Kuang

Investment Committee

Sum Leng Kuang
Tai Terk Lin
Dato' Mustafa Bin Mohd Nor
Zainal Abidin Bin Mohd Kassim
Goh Wee Peng

Trustee

HSBC (Malaysia) Trustee Berhad

Auditors and Reporting Accountants

Ernst & Young

Taxation Adviser

Deloitte Tax Services Sdn Bhd

CORPORATE DIRECTORY

AmFunds Management Berhad

Registered Office

22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan, 50200 Kuala Lumpur
Tel: 03-2036 2633 Fax: 03-2032 1914

Head Office

9th & 10th Floor, Bangunan AmBank Group
55, Jalan Raja Chulan, 50200 Kuala Lumpur
Tel: 03-2036 2888 Fax: 03-2031 5210

Secretaries

Chen Bee Ling (MAICSA 7046517)
Tan Lai Hong (MAICSA 7057707)
Secretaries' Office Level 8,
Symphony House, Pusat Dagangan Dana 1,
Jalan PJU 1A/46, 47301 Petaling Jaya,
Selangor Darul Ehsan

HSBC (Malaysia) Trustee Berhad

Business/Registered Office/Head Office

Fund Services, Bangunan HSBC, 13th Floor, South Tower
No.2, Leboh Ampang, 50100 Kuala Lumpur
Tel: 03-2075 7800 Fax: 03-2026 1273

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MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the unaudited quarterly accounts of ABF Malaysia Bond Index Fund ("Fund") for the financial period from 1 January 2018 to 31 March 2018.

Salient Information of the Fund

| | | | | | |
|----------------------------|---|---|---------------------|---------------------------|---------------------------------|
| Name | ABF Malaysia Bond Index Fund ("Fund") | | | | |
| Category/ Type | Fixed Income ETF/ Income | | | | |
| Objective | <p>A listed bond fund that is passively managed against the given benchmark and the returns will be expected to correspond closely to the performance of the benchmark index.</p> <p><i>Note: Any material change to the Fund's investment objective will require the unitholders' approval by way of special resolution.</i></p> | | | | |
| Index Component | Details of the index component as at 31 March 2018 are as follows: | | | | |
| | Code | Issuer | Coupon % | Final Maturity | Notional Amount (RM) |
| | VI140036 | Prasarana Malaysia Bhd | 4.080 | 12 March 2019 | 1,500,000,000 |
| | MH150005 | Malaysia Government Bond | 3.759 | 15 March 2019 | 7,177,897,000 |
| | GJ130070 | Malaysia Government Investment Issue | 3.558 | 30 April 2019 | 10,000,000,000 |
| | VK120194 | Johor Corporation | 3.680 | 14 June 2019 | 800,000,000 |
| | MS04003H | Malaysia Government Bond | 5.734 | 30 July 2019 | 7,315,546,000 |
| | GO090001 | Malaysia Government Investment Issue | 3.910 | 13 August 2019 | 6,000,000,000 |
| | GL120021 | Malaysia Government Investment Issue | 3.704 | 30 September 2019 | 8,000,000,000 |
| | (Forward) | | | | |

| Code | Issuer | Coupon % | Final Maturity | Notional Amount (RM) |
|-------------|--------------------------------------|-----------------|-----------------------|-----------------------------|
| MJ140004 | Malaysia Government Bond | 3.654 | 31 October 2019 | 11,800,000,000 |
| MO090002 | Malaysia Government Bond | 4.378 | 29 November 2019 | 17,119,000,000 |
| ML120006 | Malaysia Government Bond | 3.492 | 31 March 2020 | 11,000,000,000 |
| VI150052 | Danga Capital Bhd | 4.100 | 09 April 2020 | 2,000,000,000 |
| GH160004 | Malaysia Government Investment Issue | 3.226 | 15 April 2020 | 7,000,000,000 |
| GO090061 | Malaysia Government Investment Issue | 4.492 | 30 April 2020 | 3,500,000,000 |
| GL120098 | Malaysia Government Investment Issue | 3.576 | 15 May 2020 | 11,000,000,000 |
| VG170171 | Pengurusan Air SPV Berhad | 3.960 | 05 June 2020 | 700,000,000 |
| GN100021 | Malaysia Government Investment Issue | 4.284 | 15 June 2020 | 5,500,000,000 |
| MK130006 | Malaysia Government Bond | 3.889 | 31 July 2020 | 7,973,062,000 |
| GJ150002 | Malaysia Government Investment Issue | 3.799 | 27 August 2020 | 10,000,000,000 |
| VI150192 | Pengurusan Air SPV Berhad | 4.280 | 28 September 2020 | 700,000,000 |
| MJ150003 | Malaysia Government Bond | 3.659 | 15 October 2020 | 11,742,134,000 |
| VK130260 | Cagamas Berhad | 4.150 | 28 October 2020 | 915,000,000 |
| GN100060 | Malaysia Government Investment Issue | 3.998 | 30 November 2020 | 3,000,000,000 |
| (Forward) | | | | |

| Code | Issuer | Coupon % | Final Maturity | Notional Amount (RM) |
|-------------|---|-----------------|-----------------------|-----------------------------|
| MH170005 | Malaysia Government Bond | 3.441 | 15 February 2021 | 3,500,000,000 |
| VN110023 | GovCo Holdings Bhd | 4.450 | 23 February 2021 | 1,500,000,000 |
| GL130069 | Malaysia Government Investment Issue | 3.716 | 23 March 2021 | 9,500,000,000 |
| GN110025 | Malaysia Government Investment Issue | 4.170 | 30 April 2021 | 12,500,000,000 |
| MO110001 | Malaysia Government Bond | 4.160 | 15 July 2021 | 13,500,000,000 |
| GJ160002 | Malaysia Government Investment Issue | 3.743 | 26 August 2021 | 7,000,000,000 |
| VK140222 | Bank Pembangunan Malaysia Berhad | 4.190 | 10 September 2021 | 700,000,000 |
| ML140003 | Malaysia Government Bond | 4.048 | 30 September 2021 | 11,700,000,000 |
| MJ160004 | Malaysia Government Bond | 3.620 | 30 November 2021 | 7,000,000,000 |
| UI170031 | Cagamas Berhad | 4.150 | 09 March 2022 | 2,000,000,000 |
| MI170001 | Malaysia Government Bond | 3.882 | 10 March 2022 | 8,000,000,000 |
| GI170003 | Malaysia Government Investment Issue | 3.948 | 14 April 2022 | 11,000,000,000 |
| VI170144 | Lembaga Pembiayaan Perumahan Sektor Awam | 4.170 | 15 April 2022 | 800,000,000 |
| VI170153 | Cagamas Berhad | 4.250 | 28 April 2022 | 500,000,000 |
| (Forward) | | | | |

| Code | Issuer | Coupon % | Final Maturity | Notional Amount (RM) |
|-------------|--|-----------------|-----------------------|-----------------------------|
| VI170172 | Pengurusan Air SPV Berhad | 4.060 | 06 June 2022 | 900,000,000 |
| VN120195 | Johor Corporation | 3.840 | 14 June 2022 | 1,800,000,000 |
| VN120202 | Perbadanan Tabung Pendidikan Tinggi Nasional | 3.850 | 15 June 2022 | 2,500,000,000 |
| GL150001 | Malaysia Government Investment Issue | 4.194 | 15 July 2022 | 10,000,000,000 |
| MO120001 | Malaysia Government Bond | 3.418 | 15 August 2022 | 10,500,000,000 |
| ML150002 | Malaysia Government Bond | 3.795 | 30 September 2022 | 11,000,000,000 |
| VI170370 | Cagamas Berhad | 4.230 | 03 November 2022 | 840,000,000 |
| GO120037 | Malaysia Government Investment Issue | 3.699 | 15 November 2022 | 8,500,000,000 |
| VN120393 | Turus Pesawat Sdn Bhd | 3.740 | 18 November 2022 | 500,000,000 |
| VN130068 | Turus Pesawat Sdn Bhd | 3.770 | 03 February 2023 | 500,000,000 |
| MN130003 | Malaysia Government Bond | 3.480 | 15 March 2023 | 11,420,000,000 |
| GL160001 | Malaysia Government Investment Issue | 4.390 | 07 July 2023 | 10,500,000,000 |
| DS081080 | Khazanah Nasional Berhad | 0.000 | 14 August 2023 | 2,000,000,000 |
| ML160001 | Malaysia Government Bond | 3.800 | 17 August 2023 | 10,000,000,000 |
| VN130259 | Cagamas Berhad | 4.300 | 27 October 2023 | 645,000,000 |
| GO130033 | Malaysia Government Investment Issue | 3.493 | 31 October 2023 | 4,000,000,000 |
| VK170038 | GovCo Holdings Bhd | 4.290 | 22 February 2024 | 625,000,000 |
| (Forward) | | | | |

| Code | Issuer | Coupon % | Final Maturity | Notional Amount (RM) |
|-------------|--|-----------------|-----------------------|-----------------------------|
| VN140090 | Perbadanan Tabung Pendidikan Tinggi Nasional | 4.670 | 28 March 2024 | 1,800,000,000 |
| GO130071 | Malaysia Government Investment Issue | 4.444 | 22 May 2024 | 12,500,000,000 |
| VK170173 | Pengurusan Air SPV Berhad | 4.270 | 06 June 2024 | 500,000,000 |
| MO140001 | Malaysia Government Bond | 4.181 | 15 July 2024 | 11,020,000,000 |
| GL170002 | Malaysia Government Investment Issue | 4.045 | 15 August 2024 | 12,000,000,000 |
| ML170002 | Malaysia Government Bond | 4.059 | 30 September 2024 | 11,000,000,000 |
| VP120394 | Turus Pesawat Sdn Bhd | 3.930 | 19 November 2024 | 500,000,000 |
| VN150103 | Jambatan Kedua Sdn Bhd | 4.300 | 28 May 2025 | 1,300,000,000 |
| MY050003 | Malaysia Government Bond | 4.837 | 15 July 2025 | 3,000,000,000 |
| GL180001 | Malaysia Government Investment Issue | 4.128 | 15 August 2025 | 4,000,000,000 |
| MO150001 | Malaysia Government Bond | 3.955 | 15 September 2025 | 13,672,200,000 |
| VN150193 | Pengurusan Air SPV Berhad | 4.630 | 26 September 2025 | 860,000,000 |
| GO150004 | Malaysia Government Investment Issue | 3.990 | 15 October 2025 | 10,500,000,000 |
| MS110003 | Malaysia Government Bond | 4.392 | 15 April 2026 | 10,574,330,000 |
| VN160235 | Jambatan Kedua Sdn Bhd | 4.200 | 28 July 2026 | 1,000,000,000 |
| VS110260 | Prasarana Malaysia Bhd | 4.350 | 04 August 2026 | 1,200,000,000 |
| (Forward) | | | | |

| Code | Issuer | Coupon % | Final Maturity | Notional Amount (RM) |
|-------------|--------------------------------------|-----------------|-----------------------|-----------------------------|
| MX060002 | Malaysia Government Bond | 4.709 | 15 September 2026 | 3,110,000,000 |
| GO160003 | Malaysia Government Investment Issue | 4.070 | 30 September 2026 | 10,500,000,000 |
| VN160330 | Bank Pembangunan Malaysia Berhad | 4.500 | 04 November 2026 | 850,000,000 |
| MO160003 | Malaysia Government Bond | 3.900 | 30 November 2026 | 9,000,000,000 |
| VN170037 | GovCo Holdings Bhd | 4.550 | 22 February 2027 | 500,000,000 |
| MS120002 | Malaysia Government Bond | 3.892 | 15 March 2027 | 5,500,000,000 |
| MX070003 | Malaysia Government Bond | 3.502 | 31 May 2027 | 6,000,000,000 |
| GS120059 | Malaysia Government Investment Issue | 3.899 | 15 June 2027 | 5,000,000,000 |
| GO170001 | Malaysia Government Investment Issue | 4.258 | 26 July 2027 | 11,000,000,000 |
| VN170245 | Danga Capital Bhd | 4.520 | 06 September 2027 | 1,500,000,000 |
| MO170004 | Malaysia Government Bond | 3.899 | 16 November 2027 | 10,500,000,000 |
| VS120395 | Turus Pesawat Sdn Bhd | 4.120 | 19 November 2027 | 750,000,000 |
| MS130005 | Malaysia Government Bond | 3.733 | 15 June 2028 | 5,000,000,000 |
| GT130001 | Malaysia Government Investment Issue | 3.871 | 08 August 2028 | 3,000,000,000 |
| MX080003 | Malaysia Government Bond | 5.248 | 15 September 2028 | 5,040,000,000 |

(Forward)

| Code | Issuer | Coupon % | Final Maturity | Notional Amount (RM) |
|-------------|--|-----------------|-----------------------|-----------------------------|
| GS130072 | Malaysia Government Investment Issue | 4.943 | 06 December 2028 | 5,000,000,000 |
| VS140224 | Bank Pembangunan Malaysia Berhad | 4.750 | 12 September 2029 | 900,000,000 |
| VX090825 | Prasarana Malaysia Bhd | 5.070 | 28 September 2029 | 1,500,000,000 |
| VS150002 | Danga Capital Bhd | 4.880 | 29 January 2030 | 1,500,000,000 |
| VS150043 | Prasarana Malaysia Bhd | 4.640 | 22 March 2030 | 1,100,000,000 |
| MX100003 | Malaysia Government Bond | 4.498 | 15 April 2030 | 12,770,000,000 |
| VS150104 | Jambatan Kedua Sdn Bhd | 4.520 | 28 May 2030 | 700,000,000 |
| GT150003 | Malaysia Government Investment Issue | 4.245 | 30 September 2030 | 7,000,000,000 |
| VS160151 | GovCo Holdings Bhd | 4.730 | 06 June 2031 | 550,000,000 |
| MX110004 | Malaysia Government Bond | 4.232 | 30 June 2031 | 12,750,000,000 |
| VS170036 | GovCo Holdings Bhd | 4.950 | 20 February 2032 | 1,250,000,000 |
| VS170042 | Bank Pembangunan Malaysia Berhad | 4.980 | 02 March 2032 | 700,000,000 |
| VS170113 | Perbadanan Tabung Pendidikan Tinggi Nasional | 4.860 | 12 March 2032 | 855,000,000 |
| MX120004 | Malaysia Government Bond | 4.127 | 15 April 2032 | 5,500,000,000 |
| VS170237 | Perbadanan Tabung Pendidikan Tinggi Nasional | 4.930 | 17 August 2032 | 1,300,000,000 |
| VX120396 | Turus Pesawat Sdn Bhd | 4.360 | 19 November 2032 | 1,650,000,000 |
| (Forward) | | | | |

| Code | Issuer | Coupon % | Final Maturity | Notional Amount (RM) |
|-------------|--|-----------------|-----------------------|-----------------------------|
| VS180037 | Danga Capital Bhd | 4.940 | 26 January 2033 | 1,500,000,000 |
| MX130004 | Malaysia Government Bond | 3.844 | 15 April 2033 | 14,000,000,000 |
| GT170006 | Malaysia Government Investment Issue | 4.724 | 15 June 2033 | 2,500,000,000 |
| GX130068 | Malaysia Government Investment Issue | 4.582 | 30 August 2033 | 12,000,000,000 |
| VX140225 | Bank Pembangunan Malaysia Berhad | 4.850 | 12 September 2034 | 900,000,000 |
| MY150004 | Malaysia Government Bond | 4.254 | 31 May 2035 | 7,161,000,000 |
| GX150006 | Malaysia Government Investment Issue | 4.786 | 31 October 2035 | 7,000,000,000 |
| VX160280 | Lembaga Pembiayaan Perumahan Sektor Awam | 4.620 | 19 September 2036 | 900,000,000 |
| MX170003 | Malaysia Government Bond | 4.762 | 07 April 2037 | 12,500,000,000 |
| GX170005 | Malaysia Government Investment Issue | 4.755 | 04 August 2037 | 5,000,000,000 |
| VX170249 | Lembaga Pembiayaan Perumahan Sektor Awam | 5.050 | 07 September 2037 | 1,000,000,000 |
| VX180072 | DanaInfra Nasional Berhad | 5.110 | 19 February 2038 | 1,500,000,000 |
| VZ160031 | Prasarana Malaysia Bhd | 5.070 | 26 February 2041 | 755,000,000 |
| VZ160233 | Perbadanan Tabung Pendidikan Tinggi Nasional | 4.850 | 26 July 2041 | 1,500,000,000 |
| VZ160237 | Jambatan Kedua Sdn Bhd | 4.860 | 26 July 2041 | 900,000,000 |
| (Forward) | | | | |

| | Code | Issuer | Coupon % | Final Maturity | Notional Amount (RM) |
|--|-------------|--|-----------------|-----------------------|-----------------------------|
| | VZ180073 | DanaInfra Nasional Berhad | 5.240 | 20 February 2043 | 1,000,000,000 |
| | MZ130007 | Malaysia Government Bond | 4.935 | 30 September 2043 | 6,500,000,000 |
| | MZ160002 | Malaysia Government Bond | 4.736 | 15 March 2046 | 10,500,000,000 |
| | VZ160131 | DanaInfra Nasional Berhad | 5.020 | 03 May 2046 | 1,000,000,000 |
| | VZ160281 | Lembaga Pembiayaan Perumahan Sektor Awam | 4.900 | 21 September 2046 | 800,000,000 |
| | VZ160323 | DanaInfra Nasional Berhad | 4.950 | 19 October 2046 | 1,000,000,000 |
| | GZ170004 | Malaysia Government Investment Issue | 4.895 | 08 May 2047 | 4,500,000,000 |
| | VZ170250 | Lembaga Pembiayaan Perumahan Sektor Awam | 5.260 | 06 September 2047 | 1,000,000,000 |

(Source: Markit Indices Limited)

| | |
|---|---|
| Duration | The Fund was established on 12 July 2005 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 | Markit iBoxx® ABF Malaysia Bond Index |
| Income Distribution Policy | Income distribution (if any) will be paid semi-annually. |
| Breakdown of Unit Holdings by Size | For the financial period under review, the size of the Fund stood at 1,265,421,800 units. (Forward) |

| Size of holding | As at 31 March 2018 | | As at 31 December 2017 | |
|--|---------------------|-----------------------|------------------------|-----------------------|
| | No of units held | Number of unitholders | No of units held | Number of unitholders |
| Less than 100 | 300 | 6 | 300 | 6 |
| 100 – 1,000 | 12,800 | 26 | 13,800 | 27 |
| 1,001 -10,000 | 39,300 | 9 | 53,500 | 12 |
| 10,001 – 100,000 | 86,100 | 4 | 81,000 | 4 |
| 100,001 to less than 5% of issue units | 53,375,430 | 5 | 53,365,330 | 5 |
| 5% and above of issue units | 1,211,907,870 | 1 | 1,211,907,870 | 1 |

Fund Performance Data

| Portfolio Composition | Details of portfolio composition of the Fund for the financial period as at 31 March 2018 and three financial years as at 31 December 2017 are as follows: | | | | |
|-----------------------|--|--------------------------|---------------|---------------|----------------|
| | | As at 31-3-2018 % | FY 2017 % | FY 2016 % | FY 2015 % |
| | Corporate bonds | - | - | - | 0.76 |
| | Malaysian Government Securities | 93.61 | 95.33 | 95.16 | 90.57 |
| | Quasi-Government bonds | 4.65 | 4.36 | 4.41 | 6.46 |
| | Cash and others | 1.74 | 0.31 | 0.43 | 2.21 |
| | Total | 100.00 | 100.00 | 100.00 | 100.00 |
| | <i>Note: The abovementioned percentages are calculated based on total net asset value.</i> | | | | |
| Performance Details | Performance details of the Fund for the financial period ended 31 March 2018 and three financial years ended 31 December are as follows: | | | | |
| | | 3 months ended 31-3-2018 | FY 2017 | FY 2016 | FY 2015 |
| | Net asset value (RM) | 1,467,049,714 | 1,450,591,084 | 1,442,324,912 | 1,341,876,193* |
| | Units in circulation | 1,265,421,800 | 1,265,421,800 | 1,320,421,800 | 1,265,421,800* |
| | Net asset value per unit (RM) | 1.1593 | 1.1463 | 1.0923 | 1.0604* |
| | Highest net asset value per unit (RM) | 1.1593 | 1.1463 | 1.1224 | 1.0655* |
| | Lowest net asset value per unit (RM) | 1.1476 | 1.0921 | 1.0599 | 1.0323* |
| | Closing quoted price (RM/unit) | 1.1530 | 1.1400 | 1.1100 | 1.0520* |
| | Highest quoted price (RM/unit) | 1.1530 | 1.1400 | 1.1240 | 1.0680* |
| | (Forward) | | | | |

| | 3 months ended 31-3-2018 | FY 2017 | FY 2016 | FY 2015 |
|---|---|--------------------|--------------------|--------------------|
| Lowest quoted price (RM/unit) | 1.1460 | 1.1000 | 1.0520 | 1.0300 |
| Benchmark performance (%) | 1.16 | 5.21 | 3.46 | 4.12 |
| Total return (%) ⁽¹⁾ | 1.13 | 4.94 | 3.01 | 3.74 |
| - Capital growth (%) | 1.13 | 4.94 | 3.01 | 2.12 |
| - Income distribution (%) | - | - | - | 1.62 |
| Gross distribution (sen per unit) | - | - | - | 1.68 |
| Net distribution (sen per unit) | - | - | - | 1.68 |
| Distribution yield (%) ⁽²⁾ | - | - | - | 1.60 |
| Management expense ratio (%) ⁽³⁾ | 0.17 | 0.17 | 0.18 | 0.16 |
| Portfolio turnover ratio (times) ⁽⁴⁾ | 0.04 | 0.23 | 0.47 | 0.74 |

* Above price 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 the net asset value per unit and net of all fees.
- (2) Distribution yield is calculated based on the total distribution for the respective financial years divided by the closing quoted price.
- (3) Management expense ratio ("MER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis.
- (4) 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 0.19 times (82.6%) as compared to 0.23 times for the financial year ended 31 December 2017 mainly due to decrease in investing activities.

Average Total Return (as at 31 March 2018)

| | ABFMY1^(a) % | iBoxx Index^(b) % |
|-------------|-----------------------------------|--|
| One year | 4.68 | 4.80 |
| Three years | 3.60 | 3.84 |
| Five years | 3.23 | 3.50 |
| Ten years | 3.64 | 3.92 |

Annual Total Return

| Financial Years Ended (31 December) | ABFMY1 ^(a) % | iBoxx Index ^(b) % |
|--|----------------------------|---------------------------------|
| 2017 | 4.94 | 5.21 |
| 2016 | 3.01 | 3.46 |
| 2015 | 3.74 | 4.12 |
| 2014 | 3.98 | 3.79 |
| 2013 | 0.36 | 0.84 |

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

(b) iBoxx ABF Malaysia Index (“iBoxx Index”).

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

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

Fund Performance

For the financial period under review, the Fund registered a return of 1.13% which was entirely capital growth in nature.

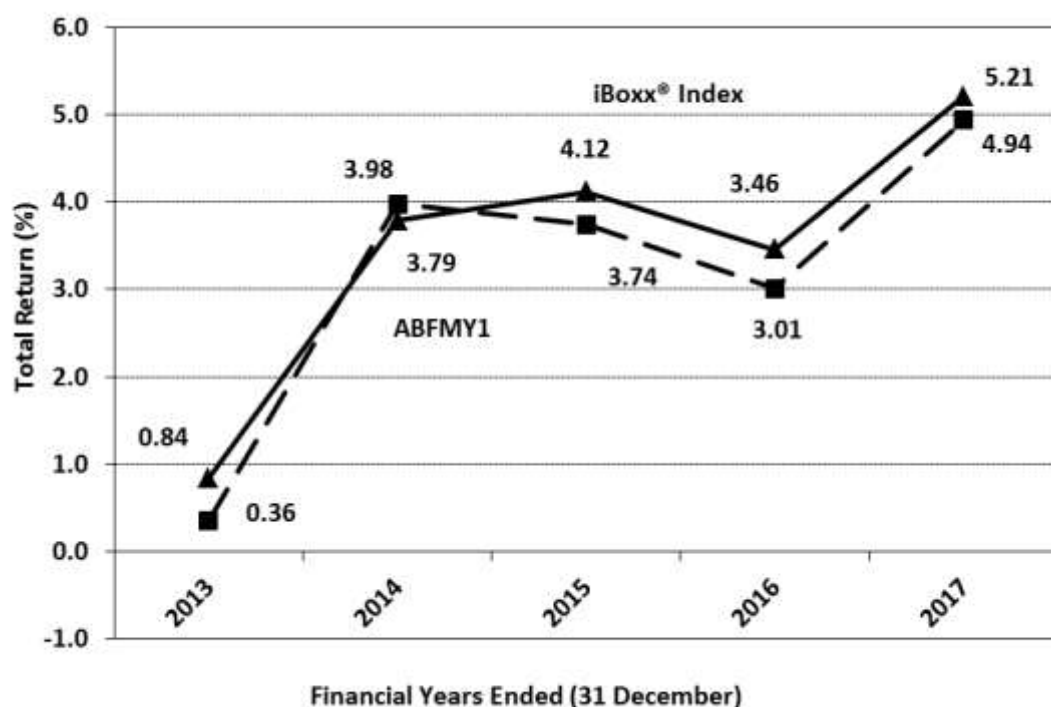
Thus, the Fund’s return of 1.13% has underperformed the benchmark’s return of 1.16% by 0.03%.

As compared with the financial year ended 31 December 2017, the net asset value (“NAV”) per unit of the Fund increased by 1.13% from RM1.1463 to RM1.1593, while units in circulation remain unchanged at 1,265,421,800 units.

The closing price quoted at Bursa Malaysia of the Fund increased by 1.14% from RM1.1400 to RM1.1530.

The line chart below shows the comparison between the annual performance of ABFMY1 and its benchmark, iBoxx® Index, for the financial years ended 31 December.

(Forward)



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 used a passive strategy whereby the Manager aims, by way of representative sampling, to achieve a return on the Fund Assets that closely tracks the returns of the benchmark index.

Portfolio Structure

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

| | As at 31-3-2018 % | As at 31-12-2017 % | Changes % |
|---------------------------------|-------------------|--------------------|-----------|
| Malaysian Government Securities | 93.61 | 95.33 | -1.72 |
| Quasi-Government bonds | 4.65 | 4.36 | 0.29 |
| Cash and others | 1.74 | 0.31 | 1.43 |
| Total | 100.00 | 100.00 | |

There has been no significant change to the asset allocation since the last reporting period.

Cross Trades

There are no cross trades for the Fund during this financial period under review.

Distribution/unit splits

There was no income distribution and unit split declared for the financial period under review.

State of Affairs of the Fund

There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial period under review.

| | |
|------------------------------------|---|
| Rebates and Soft Commission | <p>It is our policy to pay all rebates to the Fund. Soft commission received from brokers/dealers are retained by the Manager only if the goods and services provided are of demonstrable benefit to unitholders of the Fund.</p> <p>During the financial period under review, the Manager had received on behalf of the Fund, soft commissions in the form of fundamental database, financial wire services, technical analysis software and stock quotation system incidental to investment management of the Fund. These soft commissions received by the Manager are deemed to be beneficial to the unitholders of the Fund.</p> |
| Market Review | <p>During the month of December 2017, Malaysia's Consumer Price Index ("CPI") increased 3.5% Year-On-Year ("YoY"), a slight tick up from the 3.4% YoY increase in the previous month. For the whole year of 2017 CPI averaged 3.9%, significantly higher than 2016's average of 2.1% and at the high end of Bank Negara Malaysia's ("BNM") 3%-4% guidance. Meanwhile, core inflation remains low and stable at 2.2% YoY in December.</p> <p>Exports reached new record high value in November 2017 at MYR 83.5b, increasing 14.4% YoY, on higher manufactured goods demand. This is the twelfth consecutive months of double-digit expansion in exports since December 2016. Imports grew 15.2% YoY to MYR 73.6b due to higher imports of intermediate goods, capital goods and consumption goods. A trade surplus of MYR 9.9b was recorded in November 2017 — rising by MYR 835m (9.2%) YoY, but declining by MYR 493m (4.7%) MoM.</p> <p>With economic data showing the economy on a steady growth path and inflation still at elevated levels, BNM raised its policy rate by 25 basis points during its Monetary Policy Committee ("MPC") held on 25 January 2018. The rate hike raised the Overnight Policy Rate ("OPR") to 3.25% – the first increase since July 2014.</p> <p>In its statement following the rate hike BNM stated that the OPR hike was not monetary tightening but rather normalisation of the degree of monetary accommodation. It further added that the MPC wants to pre-emptively ensure that the policy stance is appropriate, to prevent a build-up of risks that could arise from interest rates being too low for too long.</p> <p>Given that it was the start of the new trading year, trading volume in the MGS market rebounded sharply in January 2018 to MYR 60.0b from MYR 27.6b in the previous month. There was a bear flattening on the MGS yield curve as the short end of the curve rose by 5-8 bps whilst the long end of the curve was broadly unchanged, the short end yields are more affected by OPR increases. There was no significant post OPR hike movement in bond yields as the increase was widely expected by the market. The MGS market was also supported by the appreciation of the Ringgit which breached the USDMYR barrier of 4.0 for the first time since August 2016.</p> <p>As at end Jan 2018, 3-year, 5-year, 7-year, 10-year, 15-year, 20-year and 30-year close at 3.36%, 3.72%, 3.96%, 3.93%, 4.37%, 4.63% and 4.90% respectively.</p> <p>In the primary market in January 2019, there were three government bond auctions as follows:</p> <ol style="list-style-type: none"> i. RM2.0b 20-year Re-opening of the MGS 04/37 which garnered BTC ratio of 1.91 times at average yield of 4.61%. ii. RM4.0b 5-year Re-opening of the GII 04/22 which drew a BTC ratio of 2.58 times at average yield of 3.83%. iii. RM 2.5b 15-year reopening of MGS 04/33 which obtained a BTC ratio of 2.42x at |

and an average yield of 4.45%.

During the month, Malaysia's 4Q2017 GDP was released. Real GDP grew 5.9% YoY, slightly slower than the 6.2% recorded in 3Q2017. The slower pace was dragged down by slower export growth. Full year growth was stellar at 5.9%, the fastest in three years supported by a surge in exports, and resilient domestic demand. Full year current account ("CA") surplus in the balance of payment remained healthy at RM40.3b or 3% of GDP (2.4% GDP 2016).

Malaysia's CPI for January 2018 moderated further to 2.7%, a significant drop from the 3.5% increase in the previous month. The slowdown in inflation mirrors the transport inflation trend which continues to enjoy stable crude oil prices in recent months and a slower rise in the Food & Beverage component. Meanwhile, core inflation remains well controlled at 2.2% YoY.

On the trade front, Malaysia's export growth in January surged 17.9% from a year earlier underpinned by growth in all major sectors and increased trade with its major trading partners. In line with exports, imports growth also surged 11.6% YoY during the same month, resulting in a trade surplus of RM9.7b. Exports of manufactured goods saw the most growth of 20.4% to RM68.34bil, accounting for 82.5% share of the country's total exports.

Meanwhile, Malaysia's foreign reserve as at 15th Feb 18 was reported at USD103.6b which is sufficient to finance 7.1 months of retained imports and 1.1 times in short-term external debt.

Trading in the MGS market dropped to RM46.1b from RM60.5b in the previous month due to the festive holidays. While there was some bearish steepening at the front to belly of the curve, the MGS yield curve remained well supported considering the greater spikes and volatilities in global yields

As at end February 2018, 3-year, 5-year, 7-year, 10-year, 15-year, 20-year and 30-year close at 3.41%, 3.74%, 3.97%, 4.06%, 4.44%, 4.63% and 4.86% respectively.

In the primary market, there were two government bond auctions in February 2018 as follows:

- i. RM3.5b 10-year Re-opening of the MGS 11/27 which garnered BTC ratio of 2.07 times at average yield of 4.055%.
- ii. RM3.0b 7-year new issuance of GII 8/25 which drew a BTC ratio of 2.28 times at average yield of 4.128%.

BNM maintained the OPR at 3.25% during its March meeting, stating that the current level remains appropriate for steady economic growth and inflation moderation. In its annual report for 2017 BNM laid out expectations for the Malaysian economy in 2018. GDP growth is projected to remain robust at 5.5%- 6.0% whilst CPI inflation is expected to average between 2%-3% in 2018. BNM stated that the recovery in global commodity prices and the continued growth of domestic demand would together support the growth performance.

Malaysia's external sector is expected to remain resilient despite continued uncertainties in the global environment and both exports and imports are predicted to grow at above-average trends in 2018, underpinned by favorable demand from major trading partners, the continued expansion in the global upcycle technology, increase in domestic

productive capacity and broadly sustained global commodity prices. Overall BNM expects the current account balance to record a surplus of between 2 to 3 per cent of gross national income in 2018.

Malaysia's CPI for February 2018 was 1.4% YoY, lower than consensus forecast of 1.9%, a significant drop from the 2.7% increase in the previous month and considerably lower than the 3-4% CPI inflation seen in 2017. The slowdown in inflation was due to declines in transport, communication and clothing costs. Meanwhile, core inflation remains well controlled at 1.8% YoY.

Meanwhile, Malaysia's foreign reserves as at 15 Mar 18 was reported at USD103.9b which is sufficient to finance 7.3 months of retained imports and 1.1 times in short-term external debt.

Trading in the MGS market increased to RM57.9b from RM46.1b in the previous month. MGS yields declined across the board but especially in the middle of the yield curve. The strong MGS performance was driven by the decline in global bond yields, support from local investors and demand from foreign investors looking to extend duration.

In the primary market, there were 4 government bond auctions in March 2018 as follows:

- i. RM1.5b 30-year re-opening of the GII 05/47 which garnered a BTC ratio of 2.07 times at average yield of 4.93%.
- ii. RM3.0b 7-year new issuance of MGS 03/25 which drew a BTC ratio of 2.35 times at average yield of 3.882%.
- iii. RM 2.5b 15-year re-opening of the GII 06/33 which closed with a BTC ratio of 2.00x at an average yield of 4.55%.
- iv. RM3.0b 3-year re-opening of the MGS 11/21 which had a BTC ratio of 1.72x at an average yield of 3.45%.

Market Outlook

As widely expected the Federal Reserve increased the federal funds by rate by 25bps during its March 2018 meeting. In its statement the Fed continued to signal a total of 3 hikes for 2018, increased GDP forecast for 2018 to 2.7% from 2.5% and maintained forecast inflation at 1.9%. Despite the rate hike the Fed's statement was less hawkish than market expectations with the USD falling by 0.65% and the 10 year UST yield declining 6bps in overnight trading.

Concerns of a trade war loom over the market after the US announced planned tariffs of 25% on USD 50b of imports from China. These tariffs follow the imposition of tariffs on Chinese steel and aluminum by the US which led China to reciprocate by imposing tariffs on USD 3b of American imports to China. The subdued inflationary environment and downside risk to trade should support to global bond yields.

On the domestic front BNM's expectation of sustained economic growth and declining inflation means that monetary policy is not expected to deviate significantly from its current state.

Market concern over an acceleration in US inflation grew in February following reports of wages rising more quickly however subsequent data has shown that hourly pay gains remain moderate. The decline in inflation expectations combined with lower global growth as result of increased trade protectiveness sent global yields lower.

The low inflation print in February and the expected continued moderation in inflation increase the attractiveness of the domestic bond market on a real return basis to global investors. Malaysia's expected strong growth in 2018 and the continued current account

surplus should lead to further MYR strength against the USD, which in turn should lend further support the domestic MGS market.

With a lower inflationary environment and MYR strength, BNM is likely to keep rates on hold for an extended period.

Kuala Lumpur, Malaysia
AmFunds Management Berhad

7 May 2018

ADDITIONAL INFORMATION

Board of Directors of the Manager

The Board of Directors, of which more than one-third are independent members, exercise ultimate control over the operations of the Manager. For the financial period 31 March 2018 (from 1 January 2018 to 31 March 2018), there was one (1) Board of Directors' meeting held by the Manager.

Details of the Directors of the Manager as at 31 March 2018 are set out as below:

| | |
|---|---|
| Name | : Raja Maimunah Binti Raja Abdul Aziz |
| Age | : 50 years old |
| Nationality | : Malaysian |
| Qualification | : i) Bachelor of Laws, the University of East London ii) Honorary Doctorate of Law, The University of East London |
| Executive/Non-Executive Director | : Non-Executive Director |
| Independent/Non-Independent Director | : Non-Independent Director |
| Working Experience | : i) (Jan 1992 – May 1993) KPMG Peat Marwick Consultants [Junior Consultant, Recovery & Corporate Finance] ii) (June 1993 – Jul 1998) CIMB Investment Bank Berhad [Senior Manager, Corporate Finance/ DCM] iii) (Aug 1998 – Aug 1999) Pengurusan Danaharta Nasional Berhad [Manager, Corporate Finance] iv) (Sep 1999 – Jun 2003) CIMB Investment Bank Berhad [Associate Director, Investment Banking] v) (Jan 2004 – Dec 2004) RHB Investment Bank Berhad (formerly known as RHB Sakura Merchant Bank Berhad) [Senior Vice President & Head, Investment Banking Group] vi) (Jan 2005 – Dec 2006) Bank Alkhair B.S.C (c) (formerly known as Unicorn Investment Bank) [Senior Director] vii) (Jan 2007 – Dec 2008) Kuwait Finance House (Malaysia) Berhad [Chief Corporate Officer & Head of International Business Corporate and Investment Banking] |

| | |
|--|---|
| | viii) (June 2009 – June 2011) Bursa Malaysia Berhad [Global Head, Islamic Markets] |
| | ix) (Oct 2011 – Feb 2017) Hong Leong Islamic Bank Berhad [Managing Director/ Chief Executive Officer] |
| | x) (Feb 2017 – Present) AmInvestment Bank Berhad [Chief Executive Officer] |
| Occupation | : Chief Executive Officer, AmInvestment Bank Berhad |
| Date of appointment | : 7 March 2017 |
| Directorship of other public companies | : None |
| Number of Board meeting attended for the financial period 31 March 2018 (from 1 January 2018 to 31 March 2018) | : None |
| Member of any other Board Committee | : Not applicable |
| Date of appointment to the Investment Committee | : Not applicable |
| Number of Investment Committee meeting attended for the financial period 31 March 2018 (from 1 January 2018 to 31 March 2018) | : Not applicable |
| Family relationship with any director | : None |
| Conflict of interest with the Fund | : None |
| List of convictions for offences within the past 10 years (if any) | : None |
| Name | : Dato' Mustafa bin Mohd Nor |
| Age | : 66 years old |
| Nationality | : Malaysian |
| Qualification | : i) Master of Arts (Economic Policy), Boston University, USA ii) Bachelor of Economics (Analytical), University of Malaya, Malaysia |
| Executive/Non-Executive Director | : Non-Executive Director |
| Independent/Non-Independent Director | : Independent Director |
| Working Experience | : i) (1975-1988) Ministry of Finance [Last position held – Head of Macroeconomic Section, Economic and International Division] |

| | |
|--|--|
| | <p>ii) (1988-1990) Development & Commercial Bank Berhad [Manager, Treasury Department]</p> <p>iii) (March 1990-August 1992) Arab-Malaysian Securities Sdn Bhd [Chief Economist]</p> <p>iv) (September 1992-December 2001) AmSecurities Sdn Bhd [Executive Director/Chief Economist]</p> <p>v) (January 2002-December 2005) AmSecurities Sdn Bhd [Managing Director]</p> <p>vi) (January 2006-May 2009) (Retirement) AmInvestment Bank Berhad Group [Economic Advisor]</p> <p>vii) (September 2009-August 2012) (Contract) Permodalan Nasional Berhad [Senior Vice President/Head, Research Division]</p> |
| Occupation | : Director |
| Date of appointment | : 3 March 2014 |
| Directorship of other public companies | : KUISAS Berhad |
| Number of Board meeting attended for the financial period 31 March 2018 (from 1 January 2018 to 31 March 2018) | : One (1) out of one (1) Board Meeting |
| Member of any other Board Committee | : i) Audit and Examination Committee (formerly known as Audit Committee of Directors) ii) Investment Committee (Independent member) |
| Date of appointment to the Investment Committee | : 3 March 2014 |
| Number of Investment Committee meeting attended for the financial period 31 March 2018 (from 1 January 2018 to 31 March 2018) | : Two (2) out of two (2) Investment Committee Meetings |
| Family relationship with any director | : None |
| Conflict of interest with the Fund | : None |
| List of convictions for offences within the past 10 years (if any) | : None |
| Name | : Tai Terk Lin |
| Age | : 57 years old |
| Nationality | : Malaysian |

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|---|--|
| Qualification | : i) Master of Business Administration (School of Management), Cranfield Institute of Technology, United Kingdom ii) Bachelor of Science with Education, Mathematics & Physics, University of Malaya, Malaysia iii) Certified Financial Planner Board of Standard, Inc, USA Certified Financial Planner iv) Financial Industry Certified Professional, FICP, Institute of Banking & Finance (IBF), Singapore |
| Executive/Non-Executive Director | : Non-Executive Director |
| Independent/Non-Independent Director | : Independent Director |
| Working Experience | : i) (October 2009 – September 2012) (Oct 2012 with ICB Indonesia) AG, ICB Banking Group [Group Chief Executive Officer of ICB Financial Group Holdings] ii) (January 2009 – August 2009) Platinum Capital Management (Asia) Pte Ltd, Singapore [Executive Director/Head of Business Development Asia] iii) (January 2007 – November 2008) DBS Bank, Singapore [Senior Vice President/Head – Malaysia Coverage Private Banking] iv) (March 2002 – December 2006) AmInvestment Bank Berhad [Director/Head, Private Banking] v) (April 1995 – December 2001) HLB Unit Trust Management Bhd [Chief Executive Officer] vi) (April 1994 – March 1995) Hong Leong Bank Berhad (Ex-Hong Leong Finance) [Chief Project Manager/Credit Manager] vii) (January 1994 – April 1994) United Merchant Finance Berhad [Special Assistant to Executive Chairman] viii) (June 1992 – December 1993) Hong Leong Management Company Sdn Bhd [Senior Analyst (Executive Chairman’s Office)] ix) (January 1991 – June 1992) Corporate Care Division, PricewaterhouseCoopers [Consulting Manager] |
| Occupation | : Director |

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| Date of appointment | : 15 December 2014 |
| Directorship of other public companies | : None |
| Number of Board meeting attended for the financial period 31 March 2018 (from 1 January 2018 to 31 March 2018) | : One (1) out of one (1) Board Meeting |
| Member of any other Board Committee | : Investment Committee (Independent member) and Audit and Examination Committee (formerly known as Audit Committee of Directors) |
| Date of appointment to the Investment Committee | : 15 December 2014 |
| Number of Investment Committee meeting attended for the financial period 31 March 2018 (from 1 January 2018 to 31 March 2018) | : Two (2) out of two (2) Investment Committee Meetings |
| Family relationship with any director | : None |
| Conflict of interest with the Fund | : None |
| List of convictions for offences within the past 10 years (if any) | : None |

| | |
|---|--|
| Name | : Sum Leng Kuang |
| Age | : 63 years old |
| Nationality | : Malaysian |
| Qualification | : i) Bachelor of Commerce (Finance), University of Canterbury, New Zealand ii) Certified Financial Planner, Financial Planning Association of Malaysia |
| Executive/Non-Executive Director | : Non-Executive Director |
| Independent/Non-Independent Director | : Independent Director |
| Working Experience | : i) (May 1982- September 2001) Overseas Assurance (M) Berhad [Deputy Head, Investment] ii) (September 2001-December 2011) Great Eastern Life Assurance (M) Berhad [Senior Vice President & Head, Fixed Income Investment] iii) (January 2012-April 2013) Great Eastern Life Assurance (M) Berhad [Senior Vice President & Advisor, Fixed Income Investment] iv) (May 2013-July 2014) Hong Leong Asset Management Berhad [Chief Investment Officer, Fixed Income & Acting |

| | |
|---|---|
| | Chief Executive Officer] |
| | v) (May 2015-Present) Credit Guarantee Corporation Malaysia Berhad [Advisor, Investment (Contract)] |
| Occupation | : Advisor, Investment of Credit Guarantee Corporation Malaysia Berhad |
| Date of appointment | : 18 January 2016 |
| Directorship of other public companies | : Pacific & Orient Insurance Co. Berhad |
| Number of Board meeting attended for the financial period 31 March 2018 (from 1 January 2018 to 31 March 2018) | : One (1) out of one (1) Board Meeting |
| Member of any other Board Committee | : Investment Committee (Independent member) and Audit and Examination Committee (formerly known as Audit Committee of Directors) |
| Date of appointment to the Investment Committee | : 18 January 2016 |
| Number of Investment Committee meetings attended for the financial period 31 March 2018 (from 1 January 2018 to 31 March 2018) | : Two (2) out of two (2) Investment Committee Meetings |
| Family relationship with any director | : None |
| Conflict of interest with the Fund | : None |
| List of convictions for offences within the past 10 years (if any) | : None |
| Name | : Goh Wee Peng |
| Age | : 43 years old |
| Nationality | : Malaysian |
| Qualification | : i) Bachelor of Business (Economics and Finance) ii) Persatuan Forex License (Institute Bank-bank Malaysia) iii) Dealer's Representative License (issued by Securities Commission) iv) Capital Markets Services Representative License Holder |
| Executive/Non-Executive Director | : Executive Director |
| Independent/Non-Independent Director | : Non-Independent Director |
| Working Experience | : i) (April 1997-July 1999) Fulton Prebon (M) Sdn Bhd [Money Market Broker] ii) (August 1999-Jun2000) HLG Securities Sdn Bhd [Institutional Dealer] |

- iii) (July 2000-May 2001)
HLG Asset Management
[Research Executive]
- iv) (May 2001-May 2002)
HLG Asset Management
[Investment Analyst]
- v) (June 2002-August 2002)
Southern Bank Berhad
[Fixed Income Dealer]
- vi) (September 2002-March 2004)
AmInvestment Management Sdn Bhd
[Credit Analyst]
- vii) (April 2004-March 2005)
AmInvestment Management Sdn Bhd
[Assistant Fund Manager]
- viii) (April 2005-March 2006)
AmInvestment Management Sdn Bhd
[Fund Manager]
- ix) (April 2006-March 2009)
AmInvestment Management Sdn Bhd
[Head of Fixed Income]
- x) (April 2009-March 2010)
AmInvestment Management Sdn Bhd
[Head of Fixed Income & Acting Chief Investment Officer
of Fixed Income]
- xi) (April 2010-June 2016)
AmInvestment Management Sdn Bhd/AmFunds
Management Berhad
[Chief Investment Officer of Fixed Income]
- xii) (July 2016-May 2017)
AmFunds Management Berhad
[Deputy Chief Executive Officer]
- xiii) (June 2017-Present)
AmFunds Management Berhad
[Acting Chief Executive Officer]

| | |
|--|---|
| Occupation | : Acting Chief Executive Officer, AmFunds Management Berhad |
| Date of appointment | : 1 June 2017 |
| Directorship of other public companies | : None |
| Number of Board meeting attended for the financial period | : One (1) out of one (1) Board Meeting |

| | |
|--|--|
| 31 March 2018 (from 1 January 2018 to 31 March 2018) | |
| Member of any other Board Committee | : Investment Committee (Non-Independent member) |
| Date of appointment to the Investment Committee | : 31 October 2017 |
| Number of Investment Committee meeting attended for the financial period 31 March 2018 (from 1 January 2018 to 31 March 2018) | : Two (2) out of two (2) Investment Committee Meetings |
| Family relationship with any director | : None |
| Conflict of interest with the Fund | : None |
| List of convictions for offences within the past 10 years (if any) | : None |

Investment Committee

The Investment Committee, of which more than one-third are independent members, exercise ultimate select appropriate strategies and efficiently implemented to achieve the proper performance, actively monitor, measure and evaluate the fund management performance of the Manager. For the financial period 31 March 2018 (from 1 January 2018 to 31 March 2018), there were two (2) Investment Committee Meetings held by the Manager.

- Madam Sum Leng Kuang (profile as mentioned above)
- Y. Bhg. Dato' Mustafa bin Mohd Nor (profile as mentioned above)
- Mr Tai Terk Lin (profile as mentioned above)
- Zainal Abidin Bin Mohd Kassim (profile as mentioned below)
- Goh Wee Peng (profile as mentioned above)

| | |
|---|---|
| Name | : Zainal Abidin Bin Mohd Kassim |
| Age | : 62 years old |
| Nationality | : Malaysian |
| Qualification | : i) Bachelor of Science, (First Class Honours), in Actuarial Science (1978), City University London ii) Fellow of the Actuarial Society of Malaysia iii) Fellow of the Society of Actuaries of Singapore iv) Associate of the Society of Actuaries, USA |
| Independent/Non-Independent member | : Independent member |
| Working Experience | : i) (1978 -1982) Prudential Assurance Plc, London [Actuarial Assistant] ii) (1982 – Present) Actuarial Partners Consulting, Malaysia [Consulting Actuary and Senior Partner] |
| Occupation | : Consulting Actuary, Actuarial Partners Consulting Sdn Bhd |
| Date of appointment to the | : 30 November 2016 |

| | |
|--|--|
| Investment Committee | |
| Number of Investment Committee meeting attended for the financial period 31 March 2018 (from 1 January 2018 to 31 March 2018) | : One (1) out of two (2) Investment Committee Meetings |
| Conflict of interest with the Fund | : None |
| List of convictions for offences within the past 10 years (if any) | : None |

Material Litigation

For the financial year under review, neither the Directors of the management company nor the Manager of the Fund were engaged in any material litigation and arbitration, including those pending or threatened, and any facts likely to give any proceedings, which might materially affect the business/financial position of the Manager and of its delegates. The Fund has also not engaged in any material litigation and arbitration, including those pending or threatened, and any facts likely to give any proceedings, which might materially affect the Fund.

Manager

Previously, we have appointed AmInvestment Management Sdn Bhd (“AIM”) to implement the Fund’s investment strategy on behalf of us to achieve the objectives of the Fund. However, following the consolidation of business activities of AmFunds Management Berhad (formerly known as AmInvestment Services Berhad) (“AFM”) and AIM on 1 December 2014, AFM has acquired/assume the obligations, undertaking, commitments and contingencies of AIM. Effective 1 December 2014, AFM is a licensed fund manager approved by the Securities Commission Malaysia and manages the Fund.

Investment Committee

The Investment Committee reviews the Fund’s investment objective and guidelines; and to ensure that the Fund is invested appropriately. For the financial period 31 March 2018 (from 1 January 2018 to 31 March 2018), there were two (2) Investment Committee Meetings held by the Manager.

Unitholders

List of the unitholders having the largest number of units:

| NAME | Number of Units Held | Units Held (%) |
|-----------------------------------|---------------------------------|---------------------------|
| HSBC BANK MALAYSIA BERHAD | 1,211,907,870 | 95.77106 |
| AMINVESTMENT BANK BERHAD | 47,410,100 | 3.74658 |
| AMINVESTMENT BANK BERHAD | 5,125,330 | 0.40503 |
| CITIBANK BERHAD | 400,000 | 0.03161 |
| DEUTSCHE BANK (MALAYSIA) BERHAD | 300,000 | 0.02371 |
| CITIBANK BERHAD | 140,000 | 0.01106 |
| HSBC BANK MALAYSIA BERHAD | 40,000 | 0.00316 |
| AMINVESTMENT BANK BERHAD | 17,100 | 0.00135 |
| PUBLIC INVESTMENT BANK BERHAD | 15,000 | 0.00119 |
| HONG LEONG INVESTMENT BANK BERHAD | 14,000 | 0.00111 |
| MAYBANK INVESTMENT BANK BERHAD | 9,000 | 0.00071 |
| CIMB INVESTMENT BANK BERHAD | 5,000 | 0.00040 |
| MAYBANK INVESTMENT BANK BERHAD | 5,000 | 0.00040 |
| HONG LEONG INVESTMENT BANK BERHAD | 5,000 | 0.00040 |
| HONG LEONG INVESTMENT BANK BERHAD | 3,500 | 0.00028 |
| CIMB INVESTMENT BANK BERHAD | 3,000 | 0.00024 |
| INTER-PACIFIC SECURITIES SDN BHD | 3,000 | 0.00024 |
| MAYBANK INVESTMENT BANK BERHAD | 3,000 | 0.00024 |
| MAYBANK INVESTMENT BANK BERHAD | 2,800 | 0.00022 |
| RHB INVESTMENT BANK BERHAD | 1,000 | 0.00008 |
| INTER-PACIFIC SECURITIES SDN BHD | 1,000 | 0.00008 |
| CIMB INVESTMENT BANK BERHAD | 1,000 | 0.00008 |
| CIMB INVESTMENT BANK BERHAD | 1,000 | 0.00008 |
| KENANGA INVESTMENT BANK BERHAD | 1,000 | 0.00008 |
| MAYBANK INVESTMENT BANK BERHAD | 1,000 | 0.00008 |
| MAYBANK INVESTMENT BANK BERHAD | 1,000 | 0.00008 |
| MAYBANK INVESTMENT BANK BERHAD | 1,000 | 0.00008 |
| CIMB INVESTMENT BANK BERHAD | 700 | 0.00006 |
| HONG LEONG INVESTMENT BANK BERHAD | 600 | 0.00005 |
| KENANGA INVESTMENT BANK BERHAD | 500 | 0.00004 |

ABF Malaysia Bond Index Fund**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

| | Note | 31-3-2018 (unaudited) RM | 31-12-2017 (audited) RM |
|---|----------|--------------------------------|-------------------------------|
| ASSETS | | | |
| Investments | 4 | 1,441,478,680 | 1,446,080,288 |
| Deposits with financial institutions | 5 | 25,988,492 | 4,871,480 |
| Cash at banks | | 1,428 | 1,437 |
| TOTAL ASSETS | | 1,467,468,600 | 1,450,953,205 |
| LIABILITIES | | | |
| Amount due to Manager | 6 | 128,326 | 122,994 |
| Amount due to Trustee | 7 | 60,167 | 57,458 |
| Amount due to index provider | 8 | 114,972 | 72,679 |
| Sundry payables and accrued expenses | | 115,421 | 108,990 |
| TOTAL LIABILITIES | | 418,886 | 362,121 |
| EQUITY | | | |
| Unitholders' capital | 11(a) | 1,334,273,353 | 1,334,273,353 |
| Retained earnings | 11(b)(c) | 132,776,361 | 116,317,731 |
| TOTAL EQUITY | 11 | 1,467,049,714 | 1,450,591,084 |
| TOTAL EQUITY AND LIABILITIES | | 1,467,468,600 | 1,450,953,205 |
| UNITS IN CIRCULATION | 11(a) | 1,265,421,800 | 1,265,421,800 |
| NET ASSET VALUE PER UNIT – EX DISTRIBUTION | | 115.93 sen | 114.63 sen |

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

ABF Malaysia Bond Index Fund**STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2018**

| | Note | 1-1-2018 to 31-3-2018 RM | 1-1-2017 to 31-3-2017 RM |
|---|------|--------------------------------|--------------------------------|
| INVESTMENT INCOME | | | |
| Interest income | | 14,403,094 | 14,123,353 |
| Net gain from investments: | | | |
| – Financial assets at fair value through profit or loss (“FVTPL”) | 9 | <u>2,682,747</u> | <u>6,586,327</u> |
| Gross Income | | <u>17,085,841</u> | <u>20,709,680</u> |
| EXPENDITURE | | | |
| Manager’s fee | 6 | (363,617) | (363,161) |
| Trustee’s fee | 7 | (181,808) | (181,581) |
| Licence fee | 8 | (42,293) | (37,149) |
| Auditors’ remuneration | | (2,668) | (2,675) |
| Tax agent’s fee | | (1,022) | (1,075) |
| Other expenses | 10 | <u>(35,803)</u> | <u>(35,335)</u> |
| Total Expenditure | | <u>(627,211)</u> | <u>(620,976)</u> |
| NET INCOME BEFORE TAX | | 16,458,630 | 20,088,704 |
| LESS: INCOME TAX | 13 | <u>-</u> | <u>-</u> |
| NET INCOME AFTER TAX | | 16,458,630 | 20,088,704 |
| OTHER COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD | | <u>16,458,630</u> | <u>20,088,704</u> |
| Total comprehensive income comprises the following: | | | |
| Realised income | | 13,827,142 | 13,299,232 |
| Unrealised gain | | <u>2,631,488</u> | <u>6,789,472</u> |
| | | <u>16,458,630</u> | <u>20,088,704</u> |

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

ABF Malaysia Bond Index Fund

STATEMENT OF CHANGES IN EQUITY *(Unaudited)* FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2018

| | Unitholders' capital RM | Retained earnings RM | Total equity RM |
|--|--|-------------------------------------|--------------------------------|
| At 1 January 2017 | 1,396,802,853 | 45,522,059 | 1,442,324,912 |
| Total comprehensive income for the financial period | <u>-</u> | <u>20,088,704</u> | <u>20,088,704</u> |
| Balance at 31 March 2017 | <u>1,396,802,853</u> | <u>65,610,763</u> | <u>1,462,413,616</u> |
| At 1 January 2018 | 1,334,273,353 | 116,317,731 | 1,450,591,084 |
| Total comprehensive income for the financial period | <u>-</u> | <u>16,458,630</u> | <u>16,458,630</u> |
| Balance at 31 March 2018 | <u>1,334,273,353</u> | <u>132,776,361</u> | <u>1,467,049,714</u> |

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

ABF Malaysia Bond Index Fund

STATEMENT OF CASH FLOWS *(Unaudited)*

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2018

| | 1-1-2018 to 31-3-2018 RM | 1-1-2017 to 31-3-2017 RM |
|---|--------------------------------|--------------------------------|
| CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | 65,342,500 | 58,132,000 |
| Interest received | 11,502,449 | 14,317,232 |
| Manager's fee paid | (358,285) | (338,547) |
| Trustee's fee paid | (179,099) | (177,310) |
| Payments for other expenses | (33,062) | (31,539) |
| Purchase of investments | (55,157,500) | (69,094,000) |
| | <u>21,117,003</u> | <u>2,807,836</u> |
| Net cash generated from operating and investing activities | <u>21,117,003</u> | <u>2,807,836</u> |
| NET INCREASE CASH AND CASH EQUIVALENTS | <u>21,117,003</u> | <u>2,807,836</u> |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD | <u>4,872,917</u> | <u>6,403,629</u> |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | <u><u>25,989,920</u></u> | <u><u>9,211,465</u></u> |
| Cash and cash equivalents comprise: | | |
| Deposits with financial institutions | 25,988,492 | 9,210,045 |
| Cash at banks | 1,428 | 1,420 |
| | <u><u>25,989,920</u></u> | <u><u>9,211,465</u></u> |

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

ABF Malaysia Bond Index Fund

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ABF Malaysia Bond Index Fund (“the Fund”) was established pursuant to a Deed dated 12 July 2005 as amended by Deeds Supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, HSBC (Malaysia) Trustee Berhad as the Trustee and all unitholders.

The Fund was set up with the objective for investors who seek an “index-based” approach to investing in a portfolio of Ringgit Malaysia denominated Government and quasi-Government debt securities. As provided in the Deeds, the “accrual period” or financial year shall end on 31 December and the units in the Fund were first offered for sale on 13 July 2005.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) as issued by the Malaysian Accounting Standards Board (“MASB”) and are in compliance with International Financial Reporting Standards.

The financial statements of the Fund have been prepared under the historical cost convention, unless otherwise stated in the accounting policies.

Standards effective during the financial period

The adoption of MFRS which have been effective during the financial period did not have any material financial impact to the financial statements.

MFRS 9 Financial Instruments

MFRS 9 reflects International Accounting Standards Board’s (“IASB”) work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement (“MFRS 139”). MFRS 9 effective for financial year beginning on or after 1 January 2018. Based on the Fund’s preliminary assessment, there is a minimal impact on the classification and measurement of the Fund’s investments as the investments will continue to be measured at FVTPL. Further, there is no impact on the classification and measurement of the Fund’s other financial assets and financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

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.

Interest income on fixed income securities and short-term deposits are recognised on an accrual basis using the effective interest method, which includes the accretion of discounts and amortisation of premiums.

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.

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 which reflects the currency in which the Fund competes for funds, issues and redeems units. The Fund has also adopted Ringgit Malaysia as its presentation currency.

Statement of cash flows

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

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

Distribution

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from realised reserves. A proposed distribution is recognised as a liability in the period in which it is approved.

Unitholders' capital

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

Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Fund determines the classification of its financial assets at initial recognition, and the categories applicable to the Fund include financial assets at fair value through profit or loss (“FVTPL”) and loans and receivables.

(i) Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading by the Fund include fixed income securities acquired principally for the purpose of selling in the near term.

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 fair value through profit or loss’. Interest earned element of such instrument is recorded separately in ‘Interest income’.

Investments are stated at fair value on a portfolio basis in accordance with the provisions of the Deed, fair value is determined based on prices provided by the index provider, Markit Indices Limited, plus accrued interest. Adjusted cost of investments relates to the purchase 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. Unrealised gain or loss recognised in profit or loss is not distributable in nature.

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.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Impairment of financial assets

The Fund assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Loans and receivables carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Fund considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced through the use of an allowance account. When loans and receivables become uncollectible, they are written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

The Fund's financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

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 fair value through profit or loss are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Significant accounting estimates and judgments

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

The Fund classifies its investments as financial assets at FVTPL as the Fund may sell its investments in the short-term for profit-taking or to meet unitholders' 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

| | 31-3-2018 | 31-12-2017 |
|----------------------------------|----------------------|----------------------|
| | RM | RM |
| Financial assets at FVTPL | | |
| At nominal value: | | |
| Quasi-Government Bonds | 65,000,000 | 60,000,000 |
| Malaysian Government Securities | 767,500,000 | 822,500,000 |
| Government Investment Issues | 588,500,000 | 548,500,000 |
| | <u>1,421,000,000</u> | <u>1,431,000,000</u> |
| At fair value: | | |
| Quasi-Government Bonds | 68,203,103 | 63,177,503 |
| Malaysian Government Securities | 778,354,913 | 830,254,369 |
| Government Investment Issues | 594,920,664 | 552,648,416 |
| | <u>1,441,478,680</u> | <u>1,446,080,288</u> |

Details of investments as at 31 March 2018 are as follows:

| Maturity date | Issuer | Credit rating | Nominal value RM | Fair value RM | Adjusted cost RM | Fair value as a percentage of net asset value % |
|-------------------------------|---------------------------|----------------------|-------------------------|----------------------|-------------------------|--|
| Quasi-Government Bonds | | | | | | |
| 12.03.2019 | Prasarana Malaysia Berhad | NR | 5,000,000 | 5,008,769 | 5,020,271 | 0.34 |
| 04.08.2026 | Prasarana Malaysia Berhad | NR | 10,000,000 | 9,981,533 | 10,206,463 | 0.68 |
| 28.09.2029 | Prasarana Malaysia Berhad | NR | 5,000,000 | 5,166,217 | 5,165,829 | 0.35 |

(Forward)

| Maturity date | Issuer | Credit rating | Nominal value RM | Fair value RM | Adjusted cost RM | Fair value as a percentage of net asset value % |
|--|------------------------------|----------------------|-------------------------|----------------------|-------------------------|--|
| Quasi-Government Bonds | | | | | | |
| 27.05.2039 | 1Malaysia Development Berhad | NR | 35,000,000 | 38,132,446 | 39,140,578 | 2.60 |
| 26.02.2041 | Prasarana Malaysia Berhad | NR | 10,000,000 | 9,914,138 | 10,404,390 | 0.68 |
| | | | 65,000,000 | 68,203,103 | 69,937,531 | 4.65 |
| Malaysian Government Securities | | | | | | |
| 30.07.2019 | Government of Malaysia | NR | 10,000,000 | 10,415,339 | 10,354,369 | 0.71 |
| 31.10.2019 | Government of Malaysia | NR | 40,000,000 | 40,816,873 | 40,581,029 | 2.78 |
| 29.11.2019 | Government of Malaysia | NR | 30,000,000 | 30,945,738 | 30,996,345 | 2.11 |
| 31.03.2020 | Government of Malaysia | NR | 40,000,000 | 40,754,000 | 40,874,357 | 2.78 |
| 31.07.2020 | Government of Malaysia | NR | 10,000,000 | 10,166,584 | 10,138,970 | 0.69 |
| 15.10.2020 | Government of Malaysia | NR | 20,000,000 | 20,445,543 | 20,304,757 | 1.39 |
| 15.02.2021 | Government of Malaysia | NR | 20,000,000 | 20,090,249 | 20,131,515 | 1.37 |
| 30.09.2021 | Government of Malaysia | NR | 30,000,000 | 31,071,300 | 30,786,986 | 2.12 |
| 30.11.2021 | Government of Malaysia | NR | 40,000,000 | 40,680,141 | 41,029,888 | 2.77 |
| 10.03.2022 | Government of Malaysia | NR | 30,000,000 | 30,417,758 | 30,184,938 | 2.07 |
| 15.08.2022 | Government of Malaysia | NR | 20,000,000 | 19,851,689 | 19,789,602 | 1.35 |
| 30.09.2022 | Government of Malaysia | NR | 52,500,000 | 53,692,012 | 53,119,727 | 3.66 |
| 17.08.2023 | Government of Malaysia | NR | 30,000,000 | 30,136,765 | 29,777,005 | 2.05 |
| 15.07.2024 | Government of Malaysia | NR | 52,500,000 | 53,787,945 | 53,016,139 | 3.67 |

(Forward)

| Maturity date | Issuer | Credit rating | Nominal value RM | Fair value RM | Adjusted cost RM | Fair value as a percentage of net asset value % |
|--|------------------------|----------------------|-------------------------|----------------------|-------------------------|--|
| Malaysian Government Securities | | | | | | |
| 30.09.2024 | Government of Malaysia | NR | 30,000,000 | 30,894,450 | 30,939,147 | 2.11 |
| 15.09.2025 | Government of Malaysia | NR | 30,000,000 | 30,041,387 | 29,667,139 | 2.05 |
| 15.04.2026 | Government of Malaysia | NR | 25,000,000 | 26,078,503 | 26,423,686 | 1.78 |
| 30.11.2026 | Government of Malaysia | NR | 30,000,000 | 30,150,429 | 31,081,805 | 2.05 |
| 15.03.2027 | Government of Malaysia | NR | 10,000,000 | 9,847,122 | 10,140,426 | 0.67 |
| 16.11.2027 | Government of Malaysia | NR | 30,000,000 | 30,318,014 | 30,396,268 | 2.07 |
| 15.06.2028 | Government of Malaysia | NR | 35,000,000 | 34,720,729 | 33,497,084 | 2.37 |
| 15.04.2030 | Government of Malaysia | NR | 32,500,000 | 33,607,484 | 32,916,227 | 2.29 |
| 30.06.2031 | Government of Malaysia | NR | 30,000,000 | 29,934,946 | 30,039,038 | 2.04 |
| 15.04.2033 | Government of Malaysia | NR | 30,000,000 | 28,650,478 | 29,094,173 | 1.95 |
| 31.05.2035 | Government of Malaysia | NR | 10,000,000 | 9,761,510 | 9,698,548 | 0.67 |
| 07.04.2037 | Government of Malaysia | NR | 10,000,000 | 10,494,842 | 10,365,198 | 0.72 |
| 30.09.2043 | Government of Malaysia | NR | 20,000,000 | 20,824,900 | 20,965,670 | 1.42 |
| 15.03.2046 | Government of Malaysia | NR | 20,000,000 | 19,758,183 | 20,392,071 | 1.35 |
| | | | 767,500,000 | 778,354,913 | 776,702,107 | 53.06 |

Government Investment Issues

| | | | | | | |
|------------|------------------------|----|------------|------------|------------|------|
| 30.04.2019 | Government of Malaysia | NR | 30,000,000 | 30,490,241 | 30,386,172 | 2.08 |
| 13.08.2019 | Government of Malaysia | NR | 10,000,000 | 10,109,585 | 10,101,533 | 0.69 |
| 15.04.2020 | Government of Malaysia | NR | 40,000,000 | 40,292,424 | 40,363,255 | 2.75 |

(Forward)

| Maturity date | Issuer | Credit rating | Nominal value RM | Fair value RM | Adjusted cost RM | Fair value as a percentage of net asset value % |
|-------------------------------------|------------------------|----------------------|-------------------------|----------------------|-------------------------|--|
| Government Investment Issues | | | | | | |
| 30.04.2020 | Government of Malaysia | NR | 10,000,000 | 10,361,578 | 10,424,648 | 0.71 |
| 15.05.2020 | Government of Malaysia | NR | 20,000,000 | 20,248,694 | 20,298,860 | 1.38 |
| 27.08.2020 | Government of Malaysia | NR | 35,000,000 | 35,255,088 | 35,001,617 | 2.40 |
| 23.03.2021 | Government of Malaysia | NR | 30,000,000 | 29,985,835 | 29,744,497 | 2.04 |
| 30.04.2021 | Government of Malaysia | NR | 10,000,000 | 10,277,942 | 10,351,706 | 0.70 |
| 26.08.2021 | Government of Malaysia | NR | 16,000,000 | 16,011,394 | 16,168,899 | 1.09 |
| 14.04.2022 | Government of Malaysia | NR | 30,000,000 | 30,670,846 | 30,820,476 | 2.09 |
| 15.07.2022 | Government of Malaysia | NR | 30,000,000 | 30,614,377 | 30,230,162 | 2.09 |
| 07.07.2023 | Government of Malaysia | NR | 20,000,000 | 20,575,309 | 20,501,722 | 1.40 |
| 31.10.2023 | Government of Malaysia | NR | 10,000,000 | 9,862,903 | 9,810,338 | 0.67 |
| 22.05.2024 | Government of Malaysia | NR | 20,000,000 | 20,705,527 | 20,562,943 | 1.41 |
| 15.08.2024 | Government of Malaysia | NR | 30,000,000 | 30,079,997 | 30,152,764 | 2.05 |
| 15.08.2025 | Government of Malaysia | NR | 20,000,000 | 20,270,497 | 20,147,586 | 1.38 |
| 15.10.2025 | Government of Malaysia | NR | 52,500,000 | 52,776,453 | 52,333,941 | 3.60 |
| 30.09.2026 | Government of Malaysia | NR | 25,000,000 | 25,239,500 | 25,922,209 | 1.72 |
| 15.06.2027 | Government of Malaysia | NR | 20,000,000 | 19,620,885 | 20,421,597 | 1.34 |
| 26.07.2027 | Government of Malaysia | NR | 20,000,000 | 20,320,759 | 20,452,276 | 1.39 |
| 06.12.2028 | Government of Malaysia | NR | 10,000,000 | 10,686,866 | 10,438,602 | 0.73 |
| 30.09.2030 | Government of Malaysia | NR | 30,000,000 | 29,662,650 | 31,365,244 | 2.02 |

(Forward)

| Maturity date | Issuer | Credit rating | Nominal value RM | Fair value RM | Adjusted cost RM | Fair value as a percentage of net asset value % |
|--|------------------------|----------------------|-------------------------|----------------------|-------------------------|--|
| Government Investment Issues | | | | | | |
| 15.06.2033 | Government of Malaysia | NR | 10,000,000 | 10,342,567 | 10,211,362 | 0.70 |
| 30.08.2033 | Government of Malaysia | NR | 30,000,000 | 29,945,728 | 29,996,589 | 2.04 |
| 31.10.2035 | Government of Malaysia | NR | 20,000,000 | 20,453,874 | 21,073,565 | 1.39 |
| 04.08.2037 | Government of Malaysia | NR | 10,000,000 | 10,059,145 | 10,055,561 | 0.69 |
| | | | <u>588,500,000</u> | <u>594,920,664</u> | <u>597,338,124</u> | <u>40.55</u> |
| Total financial assets at FVTPL | | | <u>1,421,000,000</u> | <u>1,441,478,680</u> | <u>1,443,977,762</u> | <u>98.26</u> |
| Shortfall of fair value over cost | | | | <u>(2,499,082)</u> | | |

The weighted average effective yield on unquoted investments are as follows:

| | Effective yield* | |
|---------------------------------|-------------------------|-------------------|
| | 31-3-2018 | 31-12-2017 |
| | % | % |
| Quasi-Government Bonds | 4.96 | 4.93 |
| Malaysian Government Securities | 3.85 | 3.81 |
| Government Investment Issues | <u>4.02</u> | <u>4.02</u> |

* As provided by Markit Indices Limited.

Analyses of the remaining maturity of unquoted investments as at 31 March 2018 and 31 December 2017 are as follows:

| | 1 year to 5 years RM | More than 5 years RM |
|---------------------------------|-----------------------------|-----------------------------|
| 31-3-2018 | | |
| At nominal value: | | |
| Quasi-Government Bonds | 5,000,000 | 60,000,000 |
| Malaysian Government Securities | 342,500,000 | 425,000,000 |
| Government Investment Issues | <u>261,000,000</u> | <u>327,500,000</u> |

| | 1 year to 5 years RM | More than 5 years RM |
|---------------------------------|-------------------------------------|-------------------------------------|
| 31-12-2017 | | |
| At nominal value: | | |
| Quasi-Government Bonds | 5,000,000 | 55,000,000 |
| Malaysian Government Securities | 397,500,000 | 425,000,000 |
| Government Investment Issues | 251,000,000 | 297,500,000 |
| | <u>251,000,000</u> | <u>297,500,000</u> |

5. DEPOSITS WITH FINANCIAL INSTITUTIONS

| | 31-3-2018 RM | 31-12-2017 RM |
|---|-------------------------|--------------------------|
| At nominal value: | | |
| Short-term deposits with licensed banks | <u>25,986,000</u> | <u>4,871,000</u> |
| At carrying value: | | |
| Short-term deposits with licensed banks | <u>25,988,492</u> | <u>4,871,480</u> |

Details of deposit with a financial institution as at 31 March 2018 are as follows:

| Maturity date | Bank | Nominal value RM | Carrying value RM | Purchase cost RM | Carrying value as a percentage of net asset value % |
|--|-----------------------|---------------------------------|----------------------------------|---------------------------------|--|
| Short-term deposit with a licensed bank | | | | | |
| 02.04.2018 | Public Bank Berhad | <u>25,986,000</u> | <u>25,988,492</u> | <u>25,986,000</u> | <u>1.77</u> |

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

| | Weighted average effective interest rate | | Remaining maturity | |
|--|---|-------------------------|-------------------------------|----------------------------|
| | 31-3-2018 % | 31-12-2017 % | 31-3-2018 Days | 31-12-2017 Days |
| Short-term deposits with licensed banks | <u>3.50</u> | <u>3.60</u> | <u>2</u> | <u>2</u> |

6. **AMOUNT DUE TO MANAGER**

Manager's fee is at a rate of 0.10% (2017: 0.10%) per annum on the net asset value of the Fund, calculated on a daily basis.

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

7. **AMOUNT DUE TO TRUSTEE**

The Trustee's fee is at a rate of 0.05% (2017: 0.05%) per annum on the net asset value 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. **AMOUNT DUE TO INDEX PROVIDER**

Amount due to index provider is the licence fee payable to Markit Indices Limited, the provider of the benchmark index.

Licence fee is calculated on a daily basis at the following rate:

| Fund Size | % p.a. |
|---|---------------|
| From 1 July 2008 onwards | |
| For amount equal to or less than Initial Funding | 0.0175 |
| For amount above Initial Funding, but equal to or less than 275% of Initial Funding | 0.01 |
| For amount above 275% of Initial Funding | No charge |

Subject to a minimum annual fee of USD21,234

* Initial Funding for the Fund was USD115,400,000.

9. NET GAIN FROM INVESTMENTS

| | 1-1-2018 to 31-3-2018 RM | 1-1-2017 to 31-3-2017 RM |
|--|---|---|
| Net gain on financial assets at FVTPL comprised: | | |
| – Net realised gain/(loss) on sale of investments | 51,259 | (203,145) |
| – Net unrealised gain on changes in fair values of investments | 2,631,488 | 6,789,472 |
| | <u>2,682,747</u> | <u>6,586,327</u> |

10. OTHER EXPENSES

Included in other expenses is Goods and Services Tax incurred by the Fund during the financial period amounting to RM35,496 (2017: RM35,143).

11. TOTAL EQUITY

Total equity is represented by:

| | Note | 31-3-2018 RM | 31-12-2017 RM |
|----------------------|-------------|-------------------------|--------------------------|
| Unitholders' capital | (a) | 1,334,273,353 | 1,334,273,353 |
| Retained earnings | | | |
| – Realised income | (b) | 135,275,443 | 121,448,301 |
| – Unrealised losses | (c) | (2,499,082) | (5,130,570) |
| | | <u>1,467,049,714</u> | <u>1,450,591,084</u> |

(a) UNITHOLDERS' CAPITAL/UNITS IN CIRCULATION

| | 31-3-2018 | | 31-12-2017 | |
|---|----------------------------|----------------------|----------------------------|----------------------|
| | Number of units | RM | Number of units | RM |
| At beginning of the financial period/year | 1,265,421,800 | 1,334,273,353 | 1,320,421,800 | 1,396,802,853 |
| Cancellation during the financial period/year | - | - | (55,000,000) | (62,529,500) |
| At end of the financial period/year | <u>1,265,421,800</u> | <u>1,334,273,353</u> | <u>1,265,421,800</u> | <u>1,334,273,353</u> |

(b) REALISED – DISTRIBUTABLE

| | 31-3-2018 | 31-12-2017 |
|---|------------------|-------------------|
| | RM | RM |
| At beginning of the financial period/year | 121,448,301 | 67,992,476 |
| Total comprehensive income for the financial period/year | 16,458,630 | 70,795,672 |
| Net unrealised gain attributable to investments held transferred to unrealised reserve [Note 11(c)] | (2,631,488) | (17,339,847) |
| Net increase in realised reserve for the financial period/year | 13,827,142 | 53,455,825 |
| At end of the financial period/year | 135,275,443 | 121,448,301 |

(c) UNREALISED – NON-DISTRIBUTABLE

| | 31-3-2018 | 31-12-2017 |
|---|------------------|-------------------|
| | RM | RM |
| At beginning of the financial period/year | (5,130,570) | (22,470,417) |
| Net unrealised gain attributable to investments held transferred from realised reserve [Note 11(b)] | 2,631,488 | 17,339,847 |
| At end of the financial period/year | (2,499,082) | (5,130,570) |

12. UNITS HELD BY RELATED PARTIES

| | 31-3-2018 | | 31-12-2017 | |
|---------------------------|------------------|------------|-------------------|------------|
| | Number of | RM | Number of | RM |
| | units | | units | |
| AmInvestment Bank Berhad* | 52,552,630 | 60,593,182 | 52,539,430 | 59,894,950 |

* The related party is the legal and beneficial owners of the units. The Manager did not hold any units in the Fund as at 31 March 2018 and 31 December 2017.

13. INCOME TAX

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, local interest income derived by the Fund is exempted from tax.

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

| | 1-1-2018 to 31-3-2018 RM | 1-1-2017 to 31-3-2017 RM |
|--|---|---|
| Net income before tax | 16,458,630 | 20,088,704 |
| Taxation at Malaysian statutory rate of 24% (2017: 24%) | 3,950,071 | 4,821,289 |
| Tax effects of: | | |
| Income not subject to tax | (4,100,602) | (5,019,078) |
| Loss not deductible for tax purposes | - | 48,755 |
| Restriction on tax deductible expenses for exchange traded funds | 79,146 | 79,037 |
| Non-permitted expenses for tax purposes | 62,591 | 61,215 |
| Permitted expenses not used and not available for future financial periods | 8,794 | 8,782 |
| Tax expense for the financial period | - | - |

14. DISTRIBUTION

No distribution was declared by the Fund for the financial periods ended 31 March 2018 and 31 March 2017.

15. MANAGEMENT EXPENSE RATIO (“MER”)

The Fund’s MER is as follows:

| | 1-1-2018 to 31-3-2018 % p.a. | 1-1-2017 to 31-3-2017 % p.a. |
|-----------------------|---|---|
| Manager’s fee | 0.10 | 0.10 |
| Trustee’s fee | 0.05 | 0.05 |
| Licence fee | 0.01 | 0.01 |
| Fund’s other expenses | 0.01 | 0.01 |
| Total MER | 0.17 | 0.17 |

The MER of the Fund is the ratio of the sum of annualised fees and expenses incurred by the Fund to the average net asset value of the Fund calculated on a daily basis.

16. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investments to the average net asset value of the Fund calculated on a daily basis, is 0.04 times (2017: 0.04 times).

17. 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 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.

18. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with financial institutions for the financial period ended 31 March 2018 are as follows:

| Financial institutions | Transaction value | |
|---|----------------------|---------------|
| | RM | % |
| Public Bank Berhad | 917,465,000 | 88.39 |
| Standard Chartered Bank Malaysia Berhad | 80,467,000 | 7.75 |
| Citibank Berhad | 40,033,000 | 3.86 |
| Total | <u>1,037,965,000</u> | <u>100.00</u> |

There was no transaction with financial institutions related to the Manager, during the financial period.

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

19. 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 | Loans and receivables at amortised cost RM | Financial liabilities at amortised cost RM | Total RM |
|--------------------------------------|---|---|---|----------------------|
| 31 March 2018 | | | | |
| Assets | | | | |
| Investments | 1,441,478,680 | - | - | 1,441,478,680 |
| Deposits with financial institutions | - | 25,988,492 | - | 25,988,492 |
| Cash at banks | - | 1,428 | - | 1,428 |
| | <u>1,441,478,680</u> | <u>25,989,920</u> | <u>-</u> | <u>1,467,468,600</u> |
| Liabilities | | | | |
| Amount due to Manager | - | - | 128,326 | 128,326 |
| Amount due to Trustee | - | - | 60,167 | 60,167 |
| Amount due to index provider | - | - | 114,972 | 114,972 |
| Sundry payables and accrued expenses | - | - | 115,421 | 115,421 |
| | <u>-</u> | <u>-</u> | <u>418,886</u> | <u>418,886</u> |
| Total financial liabilities | <u>-</u> | <u>-</u> | <u>418,886</u> | <u>418,886</u> |
| 31 December 2017 | | | | |
| Assets | | | | |
| Investments | 1,446,080,288 | - | - | 1,446,080,288 |
| Deposits with financial institutions | - | 4,871,480 | - | 4,871,480 |
| Cash at banks | - | 1,437 | - | 1,437 |
| | <u>1,446,080,288</u> | <u>4,872,917</u> | <u>-</u> | <u>1,450,953,205</u> |
| Liabilities | | | | |
| Amount due to Manager | - | - | 122,994 | 122,994 |
| Amount due to Trustee | - | - | 57,458 | 57,458 |
| Amount due to index provider | - | - | 72,679 | 72,679 |
| Sundry payables and accrued expenses | - | - | 108,990 | 108,990 |
| | <u>-</u> | <u>-</u> | <u>362,121</u> | <u>362,121</u> |
| Total financial liabilities | <u>-</u> | <u>-</u> | <u>362,121</u> | <u>362,121</u> |

| | Income, expense, gains and losses | |
|--|--|---|
| | 1-1-2018 to 31-3-2018 RM | 1-1-2017 to 31-3-2017 RM |
| Net gain from financial assets at FVTPL | 2,682,747 | 6,586,327 |
| Income, of which derived from: | | |
| – Interest income from financial assets at FVTPL | 14,282,363 | 14,802,272 |
| – Interest income from loans and receivables | 120,731 | 41,081 |
| | <u>2,682,747</u> | <u>6,586,327</u> |

(b) Financial instruments that are carried at fair value

The Fund's financial assets and liabilities at FVTPL 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.

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

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|---------------------------|-----------------------|-----------------------|-----------------------|----------------------|
| 31 March 2018 | | | | |
| Financial assets at FVTPL | - | 1,441,478,680 | - | 1,441,478,680 |
| | <u>-</u> | <u>1,441,478,680</u> | <u>-</u> | <u>1,441,478,680</u> |
| 31 December 2017 | | | | |
| Financial assets at FVTPL | - | 1,446,080,288 | - | 1,446,080,288 |
| | <u>-</u> | <u>1,446,080,288</u> | <u>-</u> | <u>1,446,080,288</u> |

(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:

- Deposits with financial institutions
- Cash at banks
- Amount due to Manager
- Amount due to Trustee
- Amount due to index provider
- Sundry payables and accrued expenses

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

20. RISK MANAGEMENT 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 investment restrictions as stipulated by the Capital Market and Services Act 2007, Securities Commission's Guidelines on Exchange Traded Funds and the Deed as the backbone of risk management of the Fund.

Market risk

Market risk, in general, is the risk that the value of a portfolio would decrease due to changes in market risk factors such as equity prices, interest rates (yield curve), foreign exchange rates and commodity prices.

(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 rates sensitivity of the Fund's NAV, or theoretical value (applicable to money market deposit) 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 | |
|--------------------------------------|---|-------------------|
| | 2018 RM | 2017 RM |
| +100 bps | (80,046,743) | (77,149,504) |
| -100 bps | <u>88,618,274</u> | <u>85,096,743</u> |

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. The Fund invests in fixed income 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 net asset value of the Fund.

(i) Credit quality of financial assets

The following table analyses the Fund's portfolio of debt securities by rating category as at 31 March 2018 and 31 March 2017:

| Credit rating | RM | As a % of debt securities | As a % of net asset value |
|---------------|---------------|---------------------------|---------------------------|
| 2018 | | | |
| NR* | 1,441,478,680 | 100.00 | 98.26 |
| 2017 | | | |
| NR* | 1,453,563,387 | 100.00 | 99.39 |

* Non-rated

For deposits with financial institutions, the Fund only makes placements with financial institutions with sound rating. The following table presents the Fund's portfolio of deposits by rating category as at 31 March 2018 and 31 March 2017:

| Credit rating | RM | As a % of deposits | As a % of net asset value |
|---------------|------------|--------------------|---------------------------|
| 2018 | | | |
| P1/MARC-1 | 25,988,492 | 100.00 | 1.77 |
| 2017 | | | |
| P1/MARC-1 | 9,210,045 | 100.00 | 0.63 |

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 2018 and 31 March 2017:

| Sector | RM | As a % of debt securities | As a % of net asset value |
|----------------|---------------|---------------------------------|---------------------------------|
| 2018 | | | |
| Public finance | 1,411,408,023 | 97.91 | 96.21 |
| Transportation | 30,070,657 | 2.09 | 2.05 |
| | 1,441,478,680 | 100.00 | 98.26 |
| 2017 | | | |
| Public finance | 1,428,468,015 | 98.27 | 97.68 |
| Transportation | 25,095,372 | 1.73 | 1.71 |
| | 1,453,563,387 | 100.00 | 99.39 |

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

Liquidity risk

Liquidity risk is defined as the risk of being unable to raise funds or borrowing to meet payment obligations as they fall due. The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unitholders. 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.

Objectives and assumptions

For each security in the Fund, the cash flows are projected according to its asset class. Each asset class, if any, follows the calculation method as below:

(i) For bonds

- (a) For zero-coupon bonds, the nominal amount will be returned at maturity date.
- (b) For non-zero coupon bonds, the coupons could be paid on annual, bi-annual or quarterly basis.

Cash received from bonds are calculated as follows:

\$ = cash received

R = coupon rate p.a.

F = coupon frequency

- For zero coupon bonds, $F = 0$
At maturity: $\$ = \text{Nominal}$
- For $F > 0$
Before maturity: coupon payment, $\$ = \text{Nominal} * (R/F)$
At maturity: maturity payment, $\$ = \text{Nominal} + (\text{Nominal} * R/F)$

(ii) For money market instruments and deposits

The nominal amount and interest will be paid at maturity date. Cash received are calculated as follows:

\$ = cash received

R = interest rate p.a.

F = time to maturity (days)

At maturity: $\$ = \text{Nominal} + (\text{Nominal} * R * F / 365)$

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 |
| 2018 | | | | | | |
| Financial assets | | | | | | |
| Investments | 62,842,628 | 221,154,418 | 234,331,794 | 169,596,568 | 169,805,373 | 1,052,313,625 |
| Deposits | | | | | | |
| with financial | | | | | | |
| institutions | 25,993,475 | - | - | - | - | - |
| Cash at banks | 1,428 | - | - | - | - | - |
| Total assets | 88,837,531 | 221,154,418 | 234,331,794 | 169,596,568 | 169,805,373 | 1,052,313,625 |
| Financial liabilities | | | | | | |
| Other | | | | | | |
| liabilities | 418,886 | - | - | - | - | - |
| 2017 | | | | | | |
| Financial assets | | | | | | |
| Investments | 84,386,754 | 194,495,350 | 234,129,378 | 262,401,629 | 161,503,778 | 970,396,028 |
| Deposits | | | | | | |
| with financial | | | | | | |
| institutions | 9,211,736 | - | - | - | - | - |
| Cash at banks | 1,420 | - | - | - | - | - |
| Total assets | 93,599,910 | 194,495,350 | 234,129,378 | 262,401,629 | 161,503,778 | 970,396,028 |
| Financial liabilities | | | | | | |
| Other | | | | | | |
| liabilities | 361,236 | - | - | - | - | - |

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 net asset value. Under such restriction, the risk exposure to the securities of any single issuer is diversified and managed based on internal/external ratings.

Regulatory risk

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

Management risk

Poor management of the Fund may cause considerable losses to the Fund that in turn may affect the net asset value of the Fund.

Non-compliance risk

This is the risk of the Manager, the Trustee or the Fund not complying with internal policies, the Deed of the Fund, securities law or guidelines issued by the regulators. Non-compliance risk may adversely affect the investments of the Fund when the Fund is forced to rectify the non-compliance.

21. CAPITAL MANAGEMENT

The primary objective of the Fund's capital management is to ensure that it maximises unitholders' value by expanding its fund size to benefit from economies of scale and achieving growth in net asset value 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 unitholders by way of redemption of units.

No changes were made in the objective, policies or processes during the financial periods ended 31 March 2018 and 31 March 2017.

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Please call 2032 2888 between 8.45 a.m. to 5.45 p.m. (Monday to Thursday),
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