

**ABF Malaysia Bond Index Fund**

**Semi-Annual Report**

**30 June 2020**

## TRUST DIRECTORY

### **Manager**

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

### **Board of Directors**

Jeyaratnam A/L Tamotharam Pillai  
Dato' Mustafa Bin Mohd Nor  
Tai Terk Lin  
Sum Leng Kuang  
Goh Wee Peng

### **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 PLT

### **Taxation Adviser**

Deloitte Tax Services Sdn Bhd

## **CORPORATE DIRECTORY**

### **AmFunds Management Berhad**

Registered Office

22<sup>nd</sup> Floor, Bangunan AmBank Group  
No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur  
Tel: 03-2036 2633

Head Office

9<sup>th</sup> & 10<sup>th</sup> Floor, Bangunan AmBank Group  
No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur  
Tel: 03-2032 2888  
Fax: 03-2031 5210  
E-mail: [enquiries@aminvest.com](mailto:enquiries@aminvest.com)  
Website: [www.aminvest.com](http://www.aminvest.com)

### **Secretaries**

Koh Suet Peng (MAICSA 7019861)  
Zeenath Begum Binti Mohamed Mastan (LS0009462)  
22<sup>nd</sup> Floor, Bangunan AmBank Group  
No. 55 Jalan Raja Chulan  
50200 Kuala Lumpur

### **HSBC (Malaysia) Trustee Berhad (1281-T)**

Registered & Business Office

13<sup>th</sup> Floor, Bangunan HSBC, South Tower  
No. 2, Leboh Ampang, 50100 Kuala Lumpur  
Tel: 03-2075 7800  
Fax: 03-2179 6511

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## MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the unaudited accounts of ABF Malaysia Bond Index Fund ("Fund") for the financial period from 1 January 2020 to 30 June 2020.

### Salient Information of the Fund

<b>Name</b>	ABF Malaysia Bond Index Fund ("Fund")				
<b>Category/ Type</b>	Fixed Income ETF / Income				
<b>Objective</b>	<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>				
<b>Index Component</b>	Details of the index component as at 30 June 2020 are as follows:				
	<b>Code</b>	<b>Issuer</b>	<b>Coupon %</b>	<b>Final Maturity</b>	<b>Notional Amount (RM)</b>
	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	10,000,000,000
	VI170039	GovCo Holdings Bhd	4.100	22 February 2022	625,000,000
	UI170031	Cagamas Berhad	4.150	9 March 2022	2,000,000,000
	MI170001	Malaysia Government Bond	3.882	10 March 2022	11,400,000,000
	(Forward)				

<b>Code</b>	<b>Issuer</b>	<b>Coupon %</b>	<b>Final Maturity</b>	<b>Notional Amount (RM)</b>
GH180004	Malaysia Government Investment Issue	3.729	31 March 2022	6,800,000,000
GI170003	Malaysia Government Investment Issue	3.948	14 April 2022	11,000,000,000
VI170153	Cagamas Berhad	4.250	28 April 2022	500,000,000
VI170172	Pengurusan Air SPV Berhad	4.060	6 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	3 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	3 February 2023	500,000,000
MN130003	Malaysia Government Bond	3.480	15 March 2023	14,420,000,000
MI180002	Malaysia Government Bond	3.757	20 April 2023	8,900,000,000
VH190095	Danum Capital Bhd	3.960	9 May 2023	2,000,000,000
(Forward)				

<b>Code</b>	<b>Issuer</b>	<b>Coupon %</b>	<b>Final Maturity</b>	<b>Notional Amount (RM)</b>
GH190007	Malaysia Government Investment Issue	3.151	15 May 2023	4,000,000,000
VI180192	Cagamas Berhad	4.500	25 May 2023	1,500,000,000
VI180196	Pengurusan Air SPV Berhad	4.410	6 June 2023	715,000,000
GL160001	Malaysia Government Investment Issue	4.390	7 July 2023	10,500,000,000
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
GJ180003	Malaysia Government Investment Issue	4.094	30 November 2023	11,500,000,000
VK170038	GovCo Holdings Bhd	4.290	22 February 2024	625,000,000
VI190034	Pengurusan Air SPV Berhad	4.280	23 February 2024	750,000,000
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
MII90003	Malaysia Government Bond	3.478	14 June 2024	7,500,000,000
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
(Forward)				

<b>Code</b>	<b>Issuer</b>	<b>Coupon %</b>	<b>Final Maturity</b>	<b>Notional Amount (RM)</b>
ML170002	Malaysia Government Bond	4.059	30 September 2024	11,000,000,000
GJ190004	Malaysia Government Investment Issue	3.655	15 October 2024	10,500,000,000
VP120394	Turus Pesawat Sdn Bhd	3.930	19 November 2024	500,000,000
MK180001	Malaysia Government Bond	3.882	14 March 2025	7,000,000,000
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	12,500,000,000
MO150001	Malaysia Government Bond	3.955	15 September 2025	17,672,200,000
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
GK190003	Malaysia Government Investment Issue	3.726	31 March 2026	7,500,000,000
MS110003	Malaysia Government Bond	4.392	15 April 2026	11,274,330,000
ML190001	Malaysia Government Bond	3.906	15 July 2026	10,500,000,000
VN160235	Jambatan Kedua Sdn Bhd	4.200	28 July 2026	1,000,000,000
MX060002	Malaysia Government Bond	4.709	15 September 2026	3,110,000,000
(Forward)				



<b>Code</b>	<b>Issuer</b>	<b>Coupon %</b>	<b>Final Maturity</b>	<b>Notional Amount (RM)</b>
GO160003	Malaysia Government Investment Issue	4.070	30 September 2026	10,500,000,000
VN160330	Bank Pembangunan Malaysia Berhad	4.500	4 November 2026	850,000,000
MO160003	Malaysia Government Bond	3.900	30 November 2026	9,500,000,000
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	13,500,000,000
GS120059	Malaysia Government Investment Issue	3.899	15 June 2027	5,000,000,000
GO170001	Malaysia Government Investment Issue	4.258	26 June 2027	11,000,000,000
VN170245	Danga Capital Bhd	4.520	6 September 2027	1,500,000,000
GL200001	Malaysia Government Investment Issue	3.422	30 September 2027	4,500,000,000
MO170004	Malaysia Government Bond	3.899	16 November 2027	14,500,000,000
VS120395	Turus Pesawat Sdn Bhd	4.120	19 November 2027	750,000,000
MS130005	Malaysia Government Bond	3.733	15 June 2028	11,500,000,000
GT130001	Malaysia Government Investment Issue	3.871	8 August 2028	3,000,000,000
MX080003	Malaysia Government Bond	5.248	15 September 2028	5,040,000,000
(Forward)				

<b>Code</b>	<b>Issuer</b>	<b>Coupon %</b>	<b>Final Maturity</b>	<b>Notional Amount (RM)</b>
GO180002	Malaysia Government Investment Issue	4.369	31 October 2028	12,000,000,000
GS130072	Malaysia Government Investment Issue	4.943	6 December 2028	5,000,000,000
VN190019	Pengurusan Air SPV Berhad	4.340	7 February 2029	600,000,000
GO190001	Malaysia Government Investment Issue	4.130	9 July 2029	12,000,000,000
MO190002	Malaysia Government Bond	3.885	15 August 2029	20,500,000,000
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
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
GO200002	Malaysia Government Investment Issue	3.465	15 October 2030	5,000,000,000
VS160151	GovCo Holdings Bhd	4.730	6 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	2 March 2032	700,000,000
(Forward)				

<b>Code</b>	<b>Issuer</b>	<b>Coupon %</b>	<b>Final Maturity</b>	<b>Notional Amount (RM)</b>
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
VS180037	Danga Capital Bhd	4.940	26 January 2033	1,500,000,000
VS180135	Lembaga Pembiayaan Perumahan Sektor Awam	4.900	5 April 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	12,500,000,000
GX130068	Malaysia Government Investment Issue	4.582	30 August 2033	12,000,000,000
VT180093	Danga Capital Bhd	5.020	21 September 2033	2,000,000,000
MT180003	Malaysia Government Bond	4.642	7 November 2033	9,500,000,000
VS190049	Perbadanan Tabung Pendidikan Tinggi Nasional	4.580	28 February 2034	1,600,000,000
MS190004	Malaysia Government Bond	3.828	5 July 2034	10,500,000,000
VX140225	Bank Pembangunan Malaysia Berhad	4.850	12 September 2034	900,000,000
GT190006	Malaysia Government Investment Issue	4.119	30 November 2034	15,000,000,000
(Forward)				

<b>Code</b>	<b>Issuer</b>	<b>Coupon %</b>	<b>Final Maturity</b>	<b>Notional Amount (RM)</b>
VS200011	Danum Capital Bhd	3.420	21 February 2035	1,500,000,000
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
MX170003	Malaysia Government Bond	4.762	7 April 2037	12,500,000,000
GX170005	Malaysia Government Investment Issue	4.755	4 August 2037	14,500,000,000
VX180072	DanaInfra Nasional Berhad	5.110	19 February 2038	1,500,000,000
MX180004	Malaysia Government Bond	4.893	8 June 2038	9,500,000,000
GY190002	Malaysia Government Investment Issue	4.467	15 September 2039	15,300,000,000
VX200015	Prasarana Malaysia Bhd	3.440	24 February 2040	1,000,000,000
MY190005	Malaysia Government Bond	3.757	22 May 2040	7,700,000,000
VY190174	Lembaga Pembiayaan Perumahan Sektor Awam	3.690	18 September 2040	1,300,000,000
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
VZ180073	DanaInfra Nasional Berhad	5.240	20 February 2043	1,000,000,000
VZ180084	Prasarana Malaysia Bhd	5.250	6 March 2043	1,200,000,000
(Forward)				

	<b>Code</b>	<b>Issuer</b>	<b>Coupon %</b>	<b>Final Maturity</b>	<b>Notional Amount (RM)</b>
	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	3 May 2046	1,000,000,000
	VZ160323	DanaInfra Nasional Berhad	4.950	19 October 2046	1,000,000,000
	GZ170004	Malaysia Government Investment Issue	4.895	8 May 2047	9,000,000,000
	MZ180005	Malaysia Government Bond	4.921	6 July 2048	9,500,000,000
	VZ190176	Lembaga Pembiayaan Perumahan Sektor Awam	3.860	18 September 2048	1,000,000,000
	VZ190028	DanaInfra Nasional Berhad	5.060	12 February 2049	1,000,000,000
	VZ190084	Lembaga Pembiayaan Perumahan Sektor Awam	4.800	9 April 2049	1,000,000,000
	GZ190005	Malaysia Government Investment Issue	4.638	15 November 2049	8,000,000,000
	VZ200008	Lembaga Pembiayaan Perumahan Sektor Awam	4.000	11 February 2050	850,000,000
	VZ200016	Prasarana Malaysia Bhd	3.800	25 February 2050	1,000,000,000
	<i>(Source: Markit Indices Limited)</i>				
<b>Duration</b>	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.				

<b>Performance Benchmark</b>	<p>Markit iBoxx® ABF Malaysia Bond Index (“iBoxx Index”) (Available at <a href="http://www.aminvest.com">www.aminvest.com</a>)</p> <p><i>The iBoxx® ABF Malaysia (the “Index”) referenced herein is the property of Markit Indices GmbH (“Index Sponsor”) and has been licensed for use in connection with ABF Malaysia Bond Index Fund. Each party acknowledges and agrees that ABF Malaysia Bond Index Fund is not sponsored, endorsed or promoted by the Index Sponsor. The Index Sponsor makes no representation whatsoever, whether express or implied, and hereby expressly disclaims all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to the Index or any data included therein or relating thereto, and in particular disclaims any warranty either as to the quality, accuracy and/or completeness of the Index or any data included therein, the results obtained from the use of the Index and/or the composition of the Index at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Index at any particular time on any particular date or otherwise. The Index Sponsor shall not be liable (whether in negligence or otherwise) to the parties or any other person for any error in the Index, and the Index Sponsor is under no obligation to advise the parties or any person of any error therein.</i></p> <p><i>The Index Sponsor makes no representation whatsoever, whether express or implied, as to the advisability of purchasing or selling ABF Malaysia Bond Index Fund, the ability of the Index to track relevant markets’ performances, or otherwise relating to the Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Sponsor has no obligation to take the needs of any party into consideration in determining, composing or calculating the Index. No party purchasing or selling ABF Malaysia Bond Index Fund, nor the Index Sponsor, shall have any liability to any party for any act or failure to act by the Index Sponsor in connection with the determination, adjustment, calculation or maintenance of the Index.</i></p>																																							
<b>Income Distribution Policy</b>	Income distribution (if any) will be paid semi-annually.																																							
<b>Breakdown of Unit Holdings by Size</b>	<p>For the financial period under review, the size of the Fund stood at 1,292,921,800 units.</p> <table border="1" data-bbox="331 1456 1455 1854"> <thead> <tr> <th rowspan="2">Size of holding</th> <th colspan="2">As at 30 June 2020</th> <th colspan="2">As at 31 December 2019</th> </tr> <tr> <th>No of units held</th> <th>Number of unitholders</th> <th>No of units held</th> <th>Number of unitholders</th> </tr> </thead> <tbody> <tr> <td>Less than 100</td> <td>300</td> <td>10</td> <td>300</td> <td>10</td> </tr> <tr> <td>100 – 1,000</td> <td>19,700</td> <td>46</td> <td>19,400</td> <td>36</td> </tr> <tr> <td>1,001 -10,000</td> <td>165,700</td> <td>37</td> <td>80,600</td> <td>18</td> </tr> <tr> <td>10,001 – 100,000</td> <td>323,100</td> <td>10</td> <td>378,100</td> <td>12</td> </tr> <tr> <td>100,001 to less than 5% of issue units</td> <td>24,605,130</td> <td>9</td> <td>40,635,530</td> <td>7</td> </tr> <tr> <td>5% and above of issue units</td> <td>1,267,807,870</td> <td>1</td> <td>1,251,807,870</td> <td>1</td> </tr> </tbody> </table>	Size of holding	As at 30 June 2020		As at 31 December 2019		No of units held	Number of unitholders	No of units held	Number of unitholders	Less than 100	300	10	300	10	100 – 1,000	19,700	46	19,400	36	1,001 -10,000	165,700	37	80,600	18	10,001 – 100,000	323,100	10	378,100	12	100,001 to less than 5% of issue units	24,605,130	9	40,635,530	7	5% and above of issue units	1,267,807,870	1	1,251,807,870	1
Size of holding	As at 30 June 2020		As at 31 December 2019																																					
	No of units held	Number of unitholders	No of units held	Number of unitholders																																				
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## Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund for the financial period as at 30 June 2020 and five financial years as at 31 December are as follows:					
	As at 30.6.2020 %	FY 2019 %	FY 2018 %	FY 2017 %	FY 2016 %	FY 2015 %
Corporate bonds	-	-	-	-	-	0.76
Malaysian Government Securities	96.78	95.91	98.33	95.33	95.16	90.57
Quasi-Government Bonds	4.59	4.91	4.88	4.36	4.41	6.46
Money market deposits and cash equivalents	-1.37	-0.82	-3.21	0.31	0.43	2.21
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
	<i>Note: The abovementioned percentages are calculated based on total net asset value.</i>					
Performance Details	Performance details of the Fund for the financial period ended 30 June 2020 and five financial years ended 31 December are as follows:					
	Half year ended 30.6.2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Net asset value (RM'000)	1,580,662	1,558,872	1,418,254	1,450,591*	1,442,325*	1,341,876
Units in circulation ('000)	1,292,922	1,292,922	1,237,922	1,265,422*	1,320,422*	1,265,422
Net asset value per unit (RM)	1.2225	1.2057	1.1457	1.1463*	1.0923*	1.0604
Highest net asset value per unit (RM)	1.2657	1.2216	1.1916	1.1463*	1.1224*	1.0655
Lowest net asset value per unit (RM)	1.1878	1.1470	1.1445	1.0921*	1.0599*	1.0323
Closing quoted price (RM/unit)	1.2260	1.2050	1.1860	1.1400*	1.1100*	1.0520
Highest quoted price (RM/unit)	1.3400	1.2220	1.1900	1.1400*	1.1240*	1.0680
Lowest quoted price (RM/unit)	1.1800	1.1000	1.1460	1.1000*	1.0520*	1.0300
Benchmark performance (%)	4.33	9.00	4.21	5.06	3.46	4.12
Total return (%) <sup>(1)</sup>	4.40	8.74	4.01	4.94	3.01	3.74
- Capital growth (%)	1.40	5.32	-0.05	4.94	3.01	2.12
- Income distribution (%)	3.00	3.42	4.06	-	-	1.62
	(Forward)					

	Half year ended 30.6.2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Gross distribution (sen per unit)	3.62	3.92	4.65	-	-	1.68
Net distribution (sen per unit)	3.62	3.92	4.65	-	-	1.68
Distribution yield (%) <sup>(2)</sup>	2.95	3.25	4.08	-	-	1.60
Management expense ratio (%) <sup>(3)</sup>	0.15	0.16	0.17	0.17	0.18	0.16
Portfolio turnover ratio (times) <sup>(4)</sup>	0.06	0.19	0.18	0.23	0.47	0.74

\* Above price and net asset value per unit are not 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. The MER decreased by 0.01% as compared to 0.16% per annum for the financial year ended 31 December 2019 mainly due to decrease in expenses.
- (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 0.13 times (68.4%) as compared to 0.19 times for the financial year ended 31 December 2019 mainly due to decrease in investing activities.

#### Average Total Return (as at 30 June 2020)

	ABFMY1 <sup>(a)</sup> %	iBoxx Index <sup>(b)</sup> %
One year	7.79	7.85
Three years	6.32	6.47
Five years	5.21	5.43
Ten years	4.40	4.62

#### Annual Total Return

Financial Years Ended (31 December)	ABFMY1 <sup>(a)</sup> %	iBoxx Index <sup>(b)</sup> %
2019	8.74	9.00
2018	4.01	4.21
2017	4.94	5.06
2016	3.01	3.46
2015	3.74	4.12

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

(b) iBoxx ABF Malaysia Index ("iBoxx Index") (Available at [www.aminvest.com](http://www.aminvest.com))



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

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

**Fund Performance**

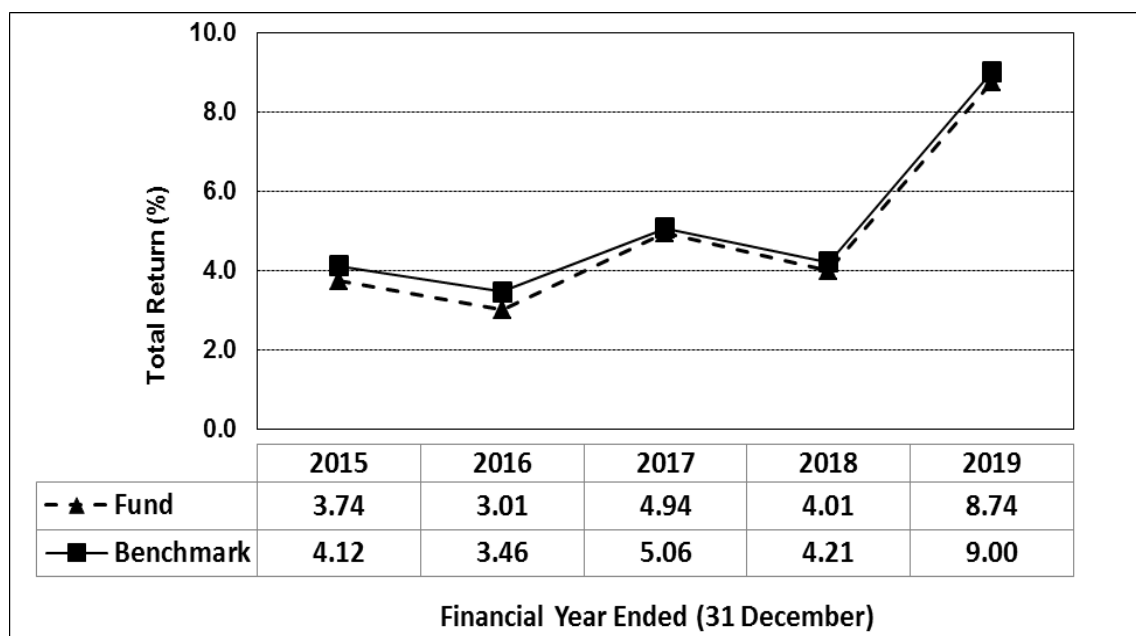
For the financial period under review, the Fund registered a return of 4.40%, comprising of 1.40% capital growth and 3.00% income distribution.

Thus, the Fund’s return of 4.40% has outperformed the benchmark’s return of 4.33% by 0.07%.

As compared with the financial year ended 31 December 2019, the net asset value (“NAV”) per unit of the Fund increased by 1.39% from RM1.2057 to RM1.2225, while units in circulation remain unchanged at 1,292,921,800 units.

The closing price quoted at Bursa Malaysia of the Fund increased by 1.74% from RM1.2050 to RM1.2260.

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.



**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.

<b>Portfolio Structure</b>	<p>This table below is the asset allocation of the Fund for the financial period/ year under review.</p> <table border="1" data-bbox="343 255 1477 551"> <thead> <tr> <th></th> <th>As at 30.06.2020 %</th> <th>As at 31.12.2019 %</th> <th>Changes %</th> </tr> </thead> <tbody> <tr> <td>Malaysian Government Securities</td> <td>96.78</td> <td>95.91</td> <td>0.87</td> </tr> <tr> <td>Quasi-Government Bonds</td> <td>4.59</td> <td>4.91</td> <td>-0.32</td> </tr> <tr> <td>Money market deposits and cash equivalents</td> <td>-1.37</td> <td>-0.82</td> <td>-0.55</td> </tr> <tr> <td><b>Total</b></td> <td><b>100.00</b></td> <td><b>100.00</b></td> <td></td> </tr> </tbody> </table> <p>There has been no significant change to the asset allocation since the last reporting period. Cash is negative because of dividend being declared but has yet to be paid out.</p>		As at 30.06.2020 %	As at 31.12.2019 %	Changes %	Malaysian Government Securities	96.78	95.91	0.87	Quasi-Government Bonds	4.59	4.91	-0.32	Money market deposits and cash equivalents	-1.37	-0.82	-0.55	<b>Total</b>	<b>100.00</b>	<b>100.00</b>	
	As at 30.06.2020 %	As at 31.12.2019 %	Changes %																		
Malaysian Government Securities	96.78	95.91	0.87																		
Quasi-Government Bonds	4.59	4.91	-0.32																		
Money market deposits and cash equivalents	-1.37	-0.82	-0.55																		
<b>Total</b>	<b>100.00</b>	<b>100.00</b>																			
<b>Cross Trade</b>	There were no cross trades undertaken during the financial period under review.																				
<b>Distribution/ unit splits</b>	<p>During the financial period under review, the Fund declared income distribution, detailed as follows:</p> <table border="1" data-bbox="343 954 1382 1099"> <thead> <tr> <th>Date of distribution</th> <th>Distribution per unit (sen)</th> <th>NAV per unit Cum-Distribution (RM)</th> <th>NAV per unit Ex-Distribution (RM)</th> </tr> </thead> <tbody> <tr> <td>23-Jun-20</td> <td>3.62</td> <td>1.2579</td> <td>1.2217</td> </tr> </tbody> </table> <p>There was no unit split declared for the financial period under review.</p>	Date of distribution	Distribution per unit (sen)	NAV per unit Cum-Distribution (RM)	NAV per unit Ex-Distribution (RM)	23-Jun-20	3.62	1.2579	1.2217												
Date of distribution	Distribution per unit (sen)	NAV per unit Cum-Distribution (RM)	NAV per unit Ex-Distribution (RM)																		
23-Jun-20	3.62	1.2579	1.2217																		
<b>State of Affairs of the Fund</b>	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.																				
<b>Rebates and Soft Commission</b>	During the period, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.																				
<b>Market Review</b>	<p>Local bond market retraced in early June as market sentiment weakened amid supply risk in 2H2020, following the announcement of a 4th fiscal stimulus plan, the Economic Recovery Plan (PENJANA) coupled with mixed market views on Overnight Policy Rate (OPR) cuts in 2H2020. Malaysia Government Securities (MGS) yields climbed 7-22bps along the curve in early June. The front and belly of the MGS yield curve had then gradually declined and traded range bound throughout the month, largely buoyed by bank books and real money investors. The month ended with a steeper yield curve, relative to May with yields from 7yr onwards climbed by 5-20bps (MoM).</p> <p>The Ministry of Finance (MoF) has guided an increase the 2020 budget deficit to 5.8%-6.0% of Gross Domestic Product (GDP) from about 4.7% previously, from the additional direct fiscal impact of MYR10b under the Economic Recovery Plan. In addition, the Minister of Finance is of the view that there is no need for further OPR (2.00%) cuts given the ample liquidity in the market. While the supply risks and mixed views on further OPR cuts in 2H2020 bear steepened the MGS yield curve, the MGS and Government Investment Issue (GIIs) auction/reopening during the month had gained decent support from real money investors. The 30-year MGS auction and 20-</p>																				

	<p>year GII reopening garnered BTC of 2.17x and 2.05x respectively. A couple of Government Guaranteed (GG) Sukuks tapped the primary market as well, namely Prasarana and Malaysia Rail Link (MRL) with MYR1.5 to MYR2b issuance sized at longer tenures of 9 year and above.</p> <p>Separately, S&amp;P's revision outlook to negative on Malaysia's sovereign rating, had a muted impact on the MGS market, which we opine is within market expectation and also as major foreign outflows had occurred during the March sell-down. Meanwhile, at end-June, Government Bond Index-Emerging Markets (GBI-EM) Global Diversified index added MGS 3/23 and removed MGS7/21 with little change in Malaysia's weightage of 6.9% in the index. This is the 3rd consecutive month of index rebalancing in 2020. Since early 2019, GBI-EM has been adding net total of 8 MGS/GII to the Index which have increased Malaysia's weightage of 5.5% in 2018 to the current 6.9%.</p>
<p><b>Market Outlook</b></p>	<p>Heading into 2H2020, uncertainties still lie ahead in the domestic and global economy with the risks of second wave Covid-19 pandemic, United States (US)-China trade tensions and domestic political risk. Given the subdued inflationary pressure amid low oil prices, on-going risks weighing on economic recovery coupled with dovish Bank Negara Malaysia (BNM) policy, we do not discount further OPR cuts in 2H2020. Bond yields are expected to remain low in the near to medium term especially for tenures below 10 years. Longer-ends are expected to remain steep in the near-term as bond supply risks persist. Nonetheless, we expect the steepness of longer tenured yields to be largely capped by real money investors.</p> <p>Moving into the second half of 2020, we expect Central Banks around the World to remain dovish, particularly in developed nations, where the economic activity is still stuttering. That said, we expect global rates to stay low, given the idiosyncratic risk. Emerging market, including Malaysia, which have relatively high real yield will continue to attract inflows.</p> <p>We think the bond market will continue to do well in the 3Q2020, given the abundance of liquidity. Inflows from Macro and Exchange-Traded Fund (ETF) Funds will provide the support in near term, riding on the impetus from the US Fed's corporate bond purchase programme. Back in Malaysia, the probability of another rate cut is still high and BNM may continue to stay dovish, as the balance of growth risk point to the downside. Nevertheless, we expect the domestic economy to pick-up in 2H2020, with the full re-opening of all sectors in coming months.</p>
<p><b>Additional Information</b></p>	<p>The following information was updated:</p> <ol style="list-style-type: none"> <li>1. Seohan Soo resigned as a Non-Independent, Non-Executive Director for AmFunds Management Berhad with effect from 1<sup>st</sup> January 2020.</li> </ol>

Kuala Lumpur, Malaysia  
AmFunds Management Berhad

24 August 2020

**ABF Malaysia Bond Index Fund****STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

		<b>30.6.2020</b>	<b>31.12.2019</b>
		<b>(unaudited)</b>	<b>(audited)</b>
	<b>Note</b>	<b>RM</b>	<b>RM</b>
<b>ASSETS</b>			
Investments	4	1,602,441,727	1,571,430,663
Deposit with financial institution	5	25,427,414	8,362,710
Cash at banks		2,211	1,942
<b>TOTAL ASSETS</b>		<b><u>1,627,871,352</u></b>	<b><u>1,579,795,315</u></b>
<b>LIABILITIES</b>			
Amount due to Manager	6	150,246	146,125
Amount due to Trustee	7	56,525	55,003
Amount due to Index provider	8	146,011	67,856
Distributions payable	13	46,803,769	20,557,457
Sundry payables and accrued expenses		92,562	96,444
<b>TOTAL LIABILITIES</b>		<b><u>47,249,113</u></b>	<b><u>20,922,885</u></b>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<b><u>1,580,622,239</u></b>	<b><u>1,558,872,430</u></b>
<b>EQUITY</b>			
Unit holders' capital	10(a)	1,366,855,353	1,366,855,353
Retained earnings	10(b)(c)	213,766,886	192,017,077
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	10	<b><u>1,580,622,239</u></b>	<b><u>1,558,872,430</u></b>
<b>UNITS IN CIRCULATION</b>	10(a)	<b><u>1,292,921,800</u></b>	<b><u>1,292,921,800</u></b>
<b>NAV PER UNIT - EX-DISTRIBUTION</b>		<b><u>122.25 sen</u></b>	<b><u>120.57 sen</u></b>

*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 2020 TO 30 JUNE 2020

		1.1.2020 to 30.6.2020	1.1.2019 to 30.6.2019
	Note	RM	RM
<b>INVESTMENT INCOME</b>			
Interest income		30,120,972	29,094,591
Net gain from investments:			
- Financial assets at fair value through profit or loss ("FVTPL")	9	<u>39,642,678</u>	<u>48,608,673</u>
		<u>69,763,650</u>	<u>77,703,264</u>
<b>EXPENDITURE</b>			
Manager's fee	6	(797,817)	(724,754)
Trustee's fee	7	(319,127)	(362,377)
Licence fee	8	(84,355)	(83,192)
Auditors' remuneration		(5,320)	(5,567)
Tax agent's fee		(2,039)	(2,010)
Other expenses		(1,414)	(8,406)
		<u>(1,210,072)</u>	<u>(1,186,306)</u>
<b>Net income before tax</b>		68,553,578	76,516,958
<b>Less: Income tax</b>	12	<u>-</u>	<u>-</u>
<b>Net income after tax, representing total comprehensive income for the financial period</b>		<u>68,553,578</u>	<u>76,516,958</u>
Total comprehensive income comprises the following:			
Realised income		30,948,362	27,944,366
Unrealised gain		<u>37,605,216</u>	<u>48,572,592</u>
		<u>68,553,578</u>	<u>76,516,958</u>
<b>Distribution for the financial period</b>			
Net distribution	13	<u>46,803,769</u>	<u>29,484,328</u>
Gross/net distribution per unit (sen)	13	<u>3.62</u>	<u>2.33</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 2020 TO 30 JUNE 2020

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 January 2019		1,302,200,103	116,054,032	1,418,254,135
Total comprehensive income for the financial period		-	76,516,958	76,516,958
Creation of units	10(a)	31,960,500	-	31,960,500
Distribution	13	-	(29,484,328)	(29,484,328)
Balance at 30 June 2019		<u>1,334,160,603</u>	<u>163,086,662</u>	<u>1,497,247,265</u>
At 1 January 2020		1,366,855,353	192,017,077	1,558,872,430
Total comprehensive income for the financial period		-	68,553,578	68,553,578
Distributions	13	-	(46,803,769)	(46,803,769)
Balance at 30 June 2020		<u>1,366,855,353</u>	<u>213,766,886</u>	<u>1,580,622,239</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 2020 TO 30 JUNE 2020**

	<b>1.1.2020 to 30.6.2020</b>	<b>1.1.2019 to 30.6.2019</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from maturity/sale of investments	91,511,100	115,098,400
Interest received	31,072,486	28,623,031
Manager's fee paid	(793,696)	(732,799)
Trustee's fee paid	(317,605)	(366,508)
Licence fee paid	(6,200)	(138,893)
Tax agent's fee paid	-	(4,100)
Payments for other expenses	(12,655)	(19,367)
Purchase of investments	(83,831,000)	(124,687,092)
Net cash generated from operating and investing activities	<u>37,622,430</u>	<u>17,772,672</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	-	31,960,500
Distributions paid	(20,557,457)	(57,563,364)
Net cash used in financing activities	<u>(20,557,457)</u>	<u>(25,602,864)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>17,064,973</b>	<b>(7,830,192)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<u><b>8,364,652</b></u>	<u><b>12,556,521</b></u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<u><b>25,429,625</b></u>	<u><b>4,726,329</b></u>
Cash and cash equivalents comprise:		
Deposit with financial institution	25,427,414	4,724,401
Cash at banks	2,211	1,928
	<u>25,429,625</u>	<u>4,726,329</u>

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

## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

#### 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 unit holders.

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.

The financial statements were authorised for issue by the Manager on 24 August 2020.

#### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared on a historical cost basis, except as otherwise stated in the accounting policies and comply with Malaysian Financial Reporting Standards 134: Interim Financial Reporting (“MFRS 134”) as issued by the Malaysian Accounting Standards Board (“MASB”) and Securities Commission Malaysia’s Guidelines on Exchange Traded Funds in Malaysia.

##### 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.

##### Standards issued but not yet effective

The Fund will adopt the following MFRSs and Amendments to MFRSs when they become effective in the respective financial periods and these MFRSs and Amendments to MFRSs are not expected to have any material impact to the financial statements of the Fund upon initial application.

	<b>Effective for financial periods beginning on or after</b>
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 101: Presentation of Financial Statements <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2022
Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018-2020”	1 January 2022



## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

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

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

	<b>Effective for financial periods beginning on or after</b>
Reference to the Conceptual Framework (Amendments to MFRS 3 <i>Business Combinations</i> )*	1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 <i>Property, Plant and Equipment</i> )*	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> )	1 January 2022
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 3.1 Income recognition

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

(i) Interest income

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

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

## **ABF Malaysia Bond Index Fund**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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

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

- (ii) Gain or loss on disposal of investments

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

##### **3.2 Income tax**

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

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

##### **3.3 Functional and presentation currency**

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

##### **3.4 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.

##### **3.5 Distribution**

Distributions are at the discretion of the Fund. A distribution to the Fund's unit holders is accounted for as a deduction from realised income. A proposed distribution is recognised as a liability in the period in which it is approved. Distribution is either reinvested or paid in cash to the unit holders on the income payment date. Reinvestment of units is based on the NAV per unit on the income payment date, which is also the time of creation.

##### **3.6 Unit holders' capital**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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

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

(i) Initial recognition

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

(ii) Initial measurement

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

(iii) “Day 1” profit or loss

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

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

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

*Business model*

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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

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

*Cash flow characteristics*

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

**3.9 Financial assets under MFRS 9**

(i) Classification and measurement

The classification of financial assets depends on the Fund's business model of managing the financial assets in order to generate cash flows ("business model test") and the contractual cash flow characteristics of the financial instruments ("SPPI test"). The business model test determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both and the assessment is performed on a portfolio basis. The SPPI test determines whether the contractual cash flows are solely for payments of principal and interest and the assessment is performed on a financial instrument basis.

The Fund may classify its financial assets under the following categories:

*Financial assets at amortised cost*

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category deposit with financial institution, cash at banks, amount due from financial institutions, amount due from the Manager and other receivables.

*Financial assets at FVOCI*

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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

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

(i) Classification and measurement (cont'd.)

Financial assets at FVOCI (cont'd.)

These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. All fair value adjustments are initially recognised through OCI. Debt instruments at FVOCI are subject to impairment assessment.

Financial assets at FVTPL

Any financial assets that are not measured at amortised cost or FVOCI are measured at FVTPL. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in "Net gain or loss on financial assets at FVTPL". Interest earned element of such instrument is recorded in "Interest income".

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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

**3.11 Derecognition of financial instruments**

(i) Derecognition of financial asset

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

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

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

(ii) Derecognition of financial liability

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

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

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

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

The ECL in respect of financial assets at amortised cost, if any, is recognised in profit or loss.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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

**3.13 Determination of fair value**

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 purchased cost plus accrued interest, adjusted for amortisation of premium and accretion of discount, if any, calculated over the period from the date of acquisition to the date of maturity of the respective securities as approved by the Manager and the Trustee. The difference between the adjusted cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gain or loss recognised in profit or loss is not distributable in nature.

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

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

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

**3.15 Significant accounting estimates and judgments**

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

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

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

## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

#### 4. INVESTMENTS

	30.6.2020 RM	31.12.2019 RM
<b>Financial assets at FVTPL</b>		
At nominal value:		
Quasi-Government Bonds	60,000,000	66,000,000
Malaysian Government Securities	787,000,000	790,000,000
Government Investment Issues	626,000,000	626,000,000
	<u>1,473,000,000</u>	<u>1,482,000,000</u>
At fair value:		
Quasi-Government Bonds	72,425,246	76,547,432
Malaysian Government Securities	849,031,931	831,708,168
Government Investment Issues	680,984,550	663,175,063
	<u>1,602,441,727</u>	<u>1,571,430,663</u>

Details of investments are as follows:

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>30.6.2020</b>						
<b>Quasi-Government Bonds</b>						
04.08.2026	Prasarana Malaysia Berhad	NR	10,000,000	10,991,068	10,285,102	0.70
28.09.2029	Prasarana Malaysia Berhad	NR	5,000,000	5,811,740	5,203,279	0.37
27.05.2039	1Malaysia Development Berhad	NR	35,000,000	43,728,519	38,422,275	2.77
26.02.2041	Prasarana Malaysia Berhad	NR	10,000,000	11,893,919	10,512,767	0.75
Total Quasi-Government Bonds			<u>60,000,000</u>	<u>72,425,246</u>	<u>64,423,423</u>	<u>4.59</u>



## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

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

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>30.6.2020 (cont'd.)</b>						
<b>Malaysian Government Securities</b>						
30.09.2021	Government of Malaysia	NR	27,000,000	27,925,943	27,330,437	1.77
30.11.2021	Government of Malaysia	NR	27,500,000	28,163,853	27,735,098	1.78
10.03.2022	Government of Malaysia	NR	20,000,000	20,825,105	20,273,074	1.32
15.08.2022	Government of Malaysia	NR	20,000,000	20,762,395	20,108,509	1.31
30.09.2022	Government of Malaysia	NR	32,500,000	33,928,669	32,595,107	2.15
15.03.2023	Government of Malaysia	NR	20,000,000	20,852,685	20,489,121	1.32
20.04.2023	Government of Malaysia	NR	35,000,000	36,625,702	35,206,014	2.32
17.08.2023	Government of Malaysia	NR	30,000,000	31,718,625	30,206,438	2.01
14.06.2024	Government of Malaysia	NR	25,000,000	25,989,899	25,264,660	1.64
15.07.2024	Government of Malaysia	NR	30,000,000	32,536,351	30,608,589	2.06
30.09.2024	Government of Malaysia	NR	30,000,000	32,191,565	30,529,772	2.04
14.03.2025	Government of Malaysia	NR	20,000,000	21,425,778	20,250,611	1.36
15.09.2025	Government of Malaysia	NR	30,000,000	32,510,477	30,066,099	2.06
15.04.2026	Government of Malaysia	NR	20,000,000	22,013,944	20,667,884	1.39
15.07.2026	Government of Malaysia	NR	20,000,000	21,682,176	20,611,191	1.37
30.11.2026	Government of Malaysia	NR	20,000,000	21,426,240	20,425,705	1.36
15.03.2027	Government of Malaysia	NR	10,000,000	10,806,069	10,210,107	0.68
31.05.2027	Government of Malaysia	NR	20,000,000	21,096,653	21,019,495	1.33

## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

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

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>30.6.2020 (cont'd.)</b>						
<b>Malaysian Government Securities (cont'd.)</b>						
16.11.2027	Government of Malaysia	NR	30,000,000	32,260,609	30,114,129	2.04
15.06.2028	Government of Malaysia	NR	40,000,000	42,345,592	38,517,777	2.68
15.08.2029	Government of Malaysia	NR	30,000,000	32,894,976	30,788,441	2.08
15.04.2030	Government of Malaysia	NR	27,500,000	31,048,028	27,562,944	1.96
30.06.2031	Government of Malaysia	NR	30,000,000	32,922,915	29,763,175	2.08
15.04.2032	Government of Malaysia	NR	10,000,000	10,949,850	10,528,560	0.69
15.04.2033	Government of Malaysia	NR	30,000,000	31,869,282	28,966,439	2.02
07.11.2033	Government of Malaysia	NR	22,500,000	25,724,657	22,857,487	1.63
05.07.2034	Government of Malaysia	NR	20,000,000	21,458,817	21,119,539	1.36
31.05.2035	Government of Malaysia	NR	10,000,000	10,919,151	9,633,596	0.69
07.04.2037	Government of Malaysia	NR	10,000,000	11,563,492	10,235,647	0.73
08.06.2038	Government of Malaysia	NR	20,000,000	23,259,923	20,292,537	1.47
22.05.2040	Government of Malaysia	NR	10,000,000	10,173,730	10,050,444	0.64
30.09.2043	Government of Malaysia	NR	20,000,000	23,231,076	20,696,141	1.47
15.03.2046	Government of Malaysia	NR	20,000,000	22,505,077	20,612,715	1.42
06.07.2048	Government of Malaysia	NR	20,000,000	23,422,627	22,039,207	1.48
Total Malaysian Government Securities			<b>787,000,000</b>	<b>849,031,931</b>	<b>797,376,689</b>	<b>53.71</b>

## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

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

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>30.6.2020 (cont'd.)</b>						
<b>Government Investment Issues</b>						
30.04.2021	Government of Malaysia	NR	10,000,000	10,245,455	10,119,905	0.65
26.08.2021	Government of Malaysia	NR	16,000,000	16,529,962	16,247,161	1.05
31.03.2022	Government of Malaysia	NR	20,000,000	20,736,699	20,128,027	1.31
14.04.2022	Government of Malaysia	NR	25,000,000	26,002,517	25,317,915	1.65
15.07.2022	Government of Malaysia	NR	30,000,000	31,771,549	30,565,816	2.01
15.05.2023	Government of Malaysia	NR	10,000,000	10,266,448	10,047,661	0.65
07.07.2023	Government of Malaysia	NR	20,000,000	21,626,423	20,604,767	1.37
31.10.2023	Government of Malaysia	NR	10,000,000	10,418,601	9,849,196	0.66
30.11.2023	Government of Malaysia	NR	20,000,000	21,189,152	20,189,764	1.34
22.05.2024	Government of Malaysia	NR	20,000,000	21,569,277	20,259,451	1.36
15.08.2024	Government of Malaysia	NR	30,000,000	32,287,377	30,459,874	2.04
15.10.2024	Government of Malaysia	NR	25,000,000	26,336,057	25,413,402	1.67
15.08.2025	Government of Malaysia	NR	25,000,000	27,222,073	25,446,449	1.72
15.10.2025	Government of Malaysia	NR	22,500,000	24,220,252	22,130,794	1.53
31.03.2026	Government of Malaysia	NR	15,000,000	16,002,974	15,156,111	1.01
30.09.2026	Government of Malaysia	NR	25,000,000	27,223,778	25,570,744	1.72
15.06.2027	Government of Malaysia	NR	20,000,000	21,450,074	20,187,454	1.36
26.07.2027	Government of Malaysia	NR	20,000,000	22,244,037	20,606,274	1.41

**ABF Malaysia Bond Index Fund**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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

<b>Maturity date</b>	<b>Issuer</b>	<b>Credit rating</b>	<b>Nominal value RM</b>	<b>Fair value RM</b>	<b>Adjusted cost RM</b>	<b>Fair value as a percentage of NAV %</b>
<b>30.6.2020 (cont'd.)</b>						
<b>Government Investment Issues (cont'd.)</b>						
30.09.2027	Government of Malaysia	NR	10,000,000	10,522,013	10,596,153	0.67
31.10.2028	Government of Malaysia	NR	30,000,000	33,398,106	30,501,125	2.11
06.12.2028	Government of Malaysia	NR	10,000,000	11,523,455	10,267,756	0.73
09.07.2029	Government of Malaysia	NR	27,500,000	30,517,715	28,790,631	1.93
30.09.2030	Government of Malaysia	NR	30,000,000	33,461,133	30,941,014	2.12
15.10.2030	Government of Malaysia	NR	20,000,000	21,203,365	21,285,845	1.34
15.06.2033	Government of Malaysia	NR	20,000,000	22,927,393	20,267,848	1.45
30.08.2033	Government of Malaysia	NR	30,000,000	34,319,113	30,354,943	2.17
30.11.2034	Government of Malaysia	NR	15,000,000	16,194,783	15,740,779	1.02
31.10.2035	Government of Malaysia	NR	20,000,000	22,990,255	20,775,243	1.45
04.08.2037	Government of Malaysia	NR	10,000,000	11,583,411	10,178,013	0.73
15.09.2039	Government of Malaysia	NR	10,000,000	11,105,722	10,255,667	0.70
08.05.2047	Government of Malaysia	NR	20,000,000	22,922,390	20,548,456	1.45
15.11.2049	Government of Malaysia	NR	10,000,000	10,972,991	11,536,682	0.69
<b>Total Government Investment Issues</b>			<b>626,000,000</b>	<b>680,984,550</b>	<b>640,340,920</b>	<b>43.07</b>
<b>Total financial assets at FVTPL</b>			<b>1,473,000,000</b>	<b>1,602,441,727</b>	<b>1,502,141,032</b>	<b>101.37</b>
<b>Excess of fair value over adjusted cost</b>				<b>100,300,695</b>		

## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

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

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>31.12.2019</b>						
<b>Quasi-Government Bonds</b>						
09.04.2020	Danga Capital Berhad	AAA	6,000,000	6,069,814	6,058,239	0.39
04.08.2026	Prasarana Malaysia Berhad	NR	10,000,000	10,660,183	10,293,075	0.68
28.09.2029	Prasarana Malaysia Berhad	NR	5,000,000	5,616,851	5,209,881	0.36
27.05.2039	1Malaysia Development Berhad	NR	35,000,000	42,661,252	38,475,453	2.74
26.02.2041	Prasarana Malaysia Berhad	NR	10,000,000	11,539,332	10,520,278	0.74
Total Quasi-Government Bonds			<b>66,000,000</b>	<b>76,547,432</b>	<b>70,556,926</b>	<b>4.91</b>
<b>Malaysian Government Securities</b>						
15.02.2021	Government of Malaysia	NR	10,000,000	10,182,983	10,139,427	0.65
15.07.2021	Government of Malaysia	NR	10,000,000	10,366,546	10,274,472	0.67
30.09.2021	Government of Malaysia	NR	30,000,000	30,834,096	30,399,838	1.98
30.11.2021	Government of Malaysia	NR	27,500,000	27,890,875	27,789,266	1.79
10.03.2022	Government of Malaysia	NR	30,000,000	30,908,042	30,428,532	1.98
15.08.2022	Government of Malaysia	NR	20,000,000	20,429,736	20,076,363	1.31
30.09.2022	Government of Malaysia	NR	32,500,000	33,415,367	32,553,926	2.14

## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

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

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>31.12.2019 (cont'd.)</b>						
<b>Malaysian Government Securities (cont'd.)</b>						
15.03.2023	Government of Malaysia	NR	10,000,000	10,212,440	10,170,378	0.66
20.04.2023	Government of Malaysia	NR	35,000,000	35,948,891	35,201,082	2.31
17.08.2023	Government of Malaysia	NR	30,000,000	31,087,879	30,176,215	1.99
14.06.2024	Government of Malaysia	NR	15,000,000	15,214,210	15,059,606	0.97
15.07.2024	Government of Malaysia	NR	30,000,000	31,793,034	30,612,511	2.04
30.09.2024	Government of Malaysia	NR	30,000,000	31,393,208	30,557,119	2.01
14.03.2025	Government of Malaysia	NR	20,000,000	20,819,439	20,255,199	1.34
15.09.2025	Government of Malaysia	NR	30,000,000	31,365,405	30,046,256	2.01
15.04.2026	Government of Malaysia	NR	30,000,000	32,053,173	31,097,312	2.06
15.07.2026	Government of Malaysia	NR	20,000,000	21,077,914	20,629,939	1.35
30.11.2026	Government of Malaysia	NR	30,000,000	31,045,291	30,671,844	1.99
15.03.2027	Government of Malaysia	NR	10,000,000	10,426,593	10,217,592	0.67
16.11.2027	Government of Malaysia	NR	30,000,000	31,111,098	30,113,937	2.00
15.06.2028	Government of Malaysia	NR	40,000,000	40,857,784	38,441,621	2.62
15.08.2029	Government of Malaysia	NR	30,000,000	31,861,573	30,806,058	2.04
15.04.2030	Government of Malaysia	NR	27,500,000	30,005,811	27,558,517	1.92

## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

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

Maturity date	Issuer	Credit rating	Nominal value RM	Fair value RM	Adjusted cost RM	Fair value as a percentage of NAV %
<b>31.12.2019 (cont'd.)</b>						
<b>Malaysian Government Securities (cont'd.)</b>						
30.06.2031	Government of Malaysia	NR	30,000,000	31,775,783	29,755,180	2.04
15.04.2032	Government of Malaysia	NR	10,000,000	10,570,206	10,544,493	0.68
15.04.2033	Government of Malaysia	NR	30,000,000	30,751,078	28,932,952	1.97
07.11.2033	Government of Malaysia	NR	22,500,000	24,916,208	22,864,703	1.60
05.07.2034	Government of Malaysia	NR	10,000,000	10,434,979	10,255,968	0.67
31.05.2035	Government of Malaysia	NR	10,000,000	10,599,279	9,625,511	0.68
07.04.2037	Government of Malaysia	NR	10,000,000	11,306,580	10,239,392	0.73
08.06.2038	Government of Malaysia	NR	20,000,000	22,837,819	20,299,213	1.47
22.05.2040	Government of Malaysia	NR	10,000,000	9,999,444	10,051,057	0.64
30.09.2043	Government of Malaysia	NR	20,000,000	22,886,449	20,704,062	1.47
15.03.2046	Government of Malaysia	NR	20,000,000	22,173,451	20,619,270	1.42
06.07.2048	Government of Malaysia	NR	20,000,000	23,155,504	22,054,325	1.49
Total Malaysian Government Securities			<u>790,000,000</u>	<u>831,708,168</u>	<u>799,223,136</u>	<u>53.36</u>

#### **Government Investment Issues**

23.03.2021	Government of Malaysia	NR	30,000,000	30,559,956	30,185,648	1.96
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**ABF Malaysia Bond Index Fund**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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

<b>Maturity date</b>	<b>Issuer</b>	<b>Credit rating</b>	<b>Nominal value RM</b>	<b>Fair value RM</b>	<b>Adjusted cost RM</b>	<b>Fair value as a percentage of NAV %</b>
<b>31.12.2019 (cont'd.)</b>						
<b>Government Investment Issues (cont'd.)</b>						
30.04.2021	Government of Malaysia	NR	10,000,000	10,220,174	10,149,872	0.66
26.08.2021	Government of Malaysia	NR	16,000,000	16,388,564	16,265,083	1.05
31.03.2022	Government of Malaysia	NR	20,000,000	20,469,635	20,114,152	1.31
14.04.2022	Government of Malaysia	NR	25,000,000	25,687,326	25,349,561	1.65
15.07.2022	Government of Malaysia	NR	30,000,000	31,380,107	30,563,007	2.01
15.05.2023	Government of Malaysia	NR	10,000,000	10,066,097	10,049,360	0.65
07.07.2023	Government of Malaysia	NR	20,000,000	21,239,263	20,632,731	1.36
31.10.2023	Government of Malaysia	NR	10,000,000	10,171,882	9,820,976	0.65
30.11.2023	Government of Malaysia	NR	20,000,000	20,735,083	20,208,293	1.33
22.05.2024	Government of Malaysia	NR	20,000,000	21,077,662	20,279,672	1.35
15.08.2024	Government of Malaysia	NR	30,000,000	31,455,230	30,461,987	2.02
15.10.2024	Government of Malaysia	NR	25,000,000	25,720,839	25,439,675	1.65
15.08.2025	Government of Malaysia	NR	25,000,000	26,396,612	25,452,967	1.69
15.10.2025	Government of Malaysia	NR	22,500,000	23,450,739	22,087,377	1.50
31.03.2026	Government of Malaysia	NR	15,000,000	15,499,665	15,158,908	0.99
30.09.2026	Government of Malaysia	NR	25,000,000	26,284,388	25,595,708	1.69



**ABF Malaysia Bond Index Fund**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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

<b>Maturity date</b>	<b>Issuer</b>	<b>Credit rating</b>	<b>Nominal value RM</b>	<b>Fair value RM</b>	<b>Adjusted cost RM</b>	<b>Fair value as a percentage of NAV %</b>
<b>31.12.2019 (cont'd.)</b>						
<b>Government Investment Issues (cont'd.)</b>						
15.06.2027	Government of Malaysia	NR	20,000,000	20,669,844	20,199,092	1.33
26.07.2027	Government of Malaysia	NR	20,000,000	21,478,475	20,621,403	1.38
31.10.2028	Government of Malaysia	NR	30,000,000	32,233,230	30,517,493	2.07
06.12.2028	Government of Malaysia	NR	10,000,000	11,144,633	10,280,300	0.71
09.07.2029	Government of Malaysia	NR	27,500,000	29,610,671	28,825,874	1.90
30.09.2030	Government of Malaysia	NR	30,000,000	32,087,252	30,968,737	2.06
15.06.2033	Government of Malaysia	NR	20,000,000	22,061,940	20,276,732	1.42
30.08.2033	Government of Malaysia	NR	30,000,000	33,032,637	30,357,231	2.12
30.11.2034	Government of Malaysia	NR	15,000,000	15,741,441	15,760,350	1.01
31.10.2035	Government of Malaysia	NR	20,000,000	22,298,752	20,790,784	1.43
04.08.2037	Government of Malaysia	NR	10,000,000	11,269,837	10,178,220	0.72
15.09.2039	Government of Malaysia	NR	10,000,000	11,009,887	10,259,165	0.71
08.05.2047	Government of Malaysia	NR	20,000,000	22,788,970	20,553,838	1.46
15.11.2049	Government of Malaysia	NR	10,000,000	10,944,272	11,550,926	0.71
<b>Total Government Investment Issues</b>			<b>626,000,000</b>	<b>663,175,063</b>	<b>638,955,122</b>	<b>42.55</b>
<b>Total financial assets at FVTPL</b>			<b>1,482,000,000</b>	<b>1,571,430,663</b>	<b>1,508,735,184</b>	<b>100.82</b>
<b>Excess of fair value over adjusted cost</b>				<b>62,695,479</b>		

## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

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

The weighted average effective yield on investments are as follows:

	Effective yield*	
	30.6.2020	31.12.2019
	%	%
Quasi-Government Bonds	3.67	3.93
Malaysian Government Securities	2.81	3.39
Government Investment Issues	2.79	3.39

\* As provided by Markit Indices Limited.

Analyses of the remaining maturity of investments as at 30 June 2020 and 31 December 2019 are as follows:

	Less than 1 year RM	1 year to 5 years RM	More than 5 years RM
<b>30.6.2020</b>			
At nominal value:			
Quasi-Government Bonds	-	-	60,000,000
Malaysian Government Securities	-	317,000,000	470,000,000
Government Investment Issues	10,000,000	226,000,000	390,000,000
<b>31.12.2019</b>			
At nominal value:			
Quasi-Government Bonds	6,000,000	-	60,000,000
Malaysian Government Securities	-	310,000,000	480,000,000
Government Investment Issues	-	266,000,000	360,000,000

#### 5. DEPOSIT WITH FINANCIAL INSTITUTION

	30.6.2020	31.12.2019
	RM	RM
At nominal value:		
Short-term deposit with a licensed bank	25,426,000	8,362,000
At carrying value:		
Short-term deposit with a licensed bank	25,427,414	8,362,710

**ABF Malaysia Bond Index Fund**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

**5. DEPOSIT WITH FINANCIAL INSTITUTION (CONT'D.)**

Details of deposits with financial institutions are as follows:

<b>Maturity date</b>	<b>Bank</b>	<b>Nominal value RM</b>	<b>Carrying value RM</b>	<b>Carrying value as a percentage of NAV %</b>
<b>30.6.2020</b>				
<b>Short-term deposit with a licensed bank</b>				
01.07.2020	Malayan Banking Berhad	25,426,000	25,427,414	1.61
<b>31.12.2019</b>				
<b>Short-term deposit with a licensed bank</b>				
02.01.2020	Public Bank Berhad	8,362,000	8,362,710	0.54

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

	<b>Weighted average effective interest rate</b>		<b>Remaining maturity</b>	
	<b>30.6.2020 %</b>	<b>31.12.2019 %</b>	<b>30.6.2020 Day</b>	<b>31.12.2019 Days</b>
Short-term deposit with a licensed bank	2.03	3.10	1	2

**6. AMOUNT DUE TO MANAGER**

	<b>Note</b>	<b>30.6.2020 RM</b>	<b>31.12.2019 RM</b>
<b>Due to Manager</b>			
Manager's fee payable	(i)	150,246	146,125

## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

#### 6. AMOUNT DUE TO MANAGER (CONT'D.)

- (i) Manager's fee is at a rate of 0.10% (31.12.2019: 0.10%) per annum on the NAV of the Fund, calculated on a daily basis.

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

#### 7. AMOUNT DUE TO TRUSTEE

Up until 31 August 2019, Trustee's fee was charged at a rate of 0.05% per annum on the NAV of the Fund, calculated on a daily basis. Effective from 1 September 2019, the Trustee's fee was charged at a rate of 0.04% per annum on the NAV of the Fund, calculated on a daily basis.

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

#### 8. 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:

<b>Fund Size</b>	<b>% p.a.</b>
<b>From 1 July 2008 onwards</b>	
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.

**ABF Malaysia Bond Index Fund**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

**9. NET GAIN FROM INVESTMENTS**

	<b>1.1.2020 to 30.6.2020 RM</b>	<b>1.1.2019 to 30.6.2019 RM</b>
Net gain on financial assets at FVTPL comprised:		
– Net realised gain on sale of investments	2,037,462	36,081
– Net unrealised gain on changes in fair values of investments	37,605,216	48,572,592
	<u>39,642,678</u>	<u>48,608,673</u>

**10. TOTAL EQUITY**

Total equity is represented by:

	<b>Note</b>	<b>30.6.2020 RM</b>	<b>31.12.2019 RM</b>
Unit holders' capital	(a)	1,366,855,353	1,366,855,353
Retained earnings			
– Realised income	(b)	113,466,191	129,321,598
– Unrealised gain	(c)	100,300,695	62,695,479
		<u>1,580,622,239</u>	<u>1,558,872,430</u>

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

	<b>30.6.2020</b>		<b>31.12.2019</b>	
	<b>Number of units</b>	<b>RM</b>	<b>Number of units</b>	<b>RM</b>
At beginning of the financial period/year	1,292,921,800	1,366,855,353	1,237,921,800	1,302,200,103
Creation during the financial period/year	<u>-</u>	<u>-</u>	<u>55,000,000</u>	<u>64,655,250</u>
At end of the financial period/year	<u>1,292,921,800</u>	<u>1,366,855,353</u>	<u>1,292,921,800</u>	<u>1,366,855,353</u>

**(b) Realised – distributable**

	<b>30.6.2020 RM</b>	<b>31.12.2019 RM</b>
At beginning of the financial period/year	129,321,598	120,188,584
Net realised income for the financial period/year	30,948,362	59,174,799
Distributions out of realised income	<u>(46,803,769)</u>	<u>(50,041,785)</u>
At end of the financial period/year	<u>113,466,191</u>	<u>129,321,598</u>

## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

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

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

	30.6.2020	31.12.2019
	RM	RM
At beginning of the financial period/year	62,695,479	(4,134,552)
Net unrealised gain for the financial period/year	37,605,216	66,830,031
At end of the financial period/year	<u>100,300,695</u>	<u>62,695,479</u>

#### 11. UNITS HELD BY RELATED PARTIES

The related parties and their relationships with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
AmFunds Management Berhad	The Manager
AmInvestment Bank Berhad	Holdings company of the Manager
AMMB Holdings Berhad	Ultimate holding company of the Manager
Subsidiaries and associates of AMMB as disclosed in its financial statements	Subsidiaries and associate companies of the ultimate holding company of the Manager

	30.6.2020		31.12.2019	
	Number of units	RM	Number of units	RM
AmInvestment Bank Berhad*	<u>23,180,030</u>	<u>28,418,717</u>	<u>39,428,530</u>	<u>47,511,379</u>

\* The financial institution related to the Manager is the legal and beneficial owner of the units. The Manager did not hold any units in the Fund as at 30 June 2020 and 31 December 2019.

#### 12. 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, provided that the exemption shall not apply to the interest paid on credited to a unit trust that is a wholesale fund which is a money market fund. Interest income earned by Funds other than wholesale money market fund is exempted from tax.

A reconciliation of income tax expense applicable to net 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:

## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

#### 12. INCOME TAX (CONT'D.)

	1.1.2020 to 30.6.2020 RM	1.1.2019 to 30.6.2019 RM
Net income before tax	<u>68,553,578</u>	<u>76,516,958</u>
Taxation at Malaysian statutory rate of 24% (2019: 24%)	16,452,859	18,364,070
Tax effects of:		
Income not subject to tax	(16,743,276)	(18,648,783)
Restriction on tax deductible expenses for unit trust fund	173,535	157,935
Non-permitted expenses for tax purposes	97,601	109,230
Permitted expenses not used and not available for future financial periods	<u>19,281</u>	<u>17,548</u>
Tax expense for the financial period	<u>-</u>	<u>-</u>

#### 13. DISTRIBUTION

Distributions to unit holders declared on 23 June 2020 (declared on 24 June 2019 for the previous financial period) are from the following sources:

	1.1.2020 to 30.6.2020 RM	1.1.2019 to 30.6.2019 RM
Interest income	30,120,972	29,094,591
Net realised gain on sale of investments	<u>2,037,462</u>	<u>36,081</u>
	32,158,434	29,130,672
Less: Expenses	<u>(1,210,072)</u>	<u>(1,186,306)</u>
Total realised income available for distribution	30,948,362	27,944,366
Previous year's undistributed realised income	<u>129,321,598</u>	<u>120,188,584</u>
	160,269,960	148,132,950
Less : Declared income distribution	<u>(46,803,769)</u>	<u>(29,484,328)</u>
Balance undistributed realised income	<u>113,466,191</u>	<u>118,648,622</u>
Gross/net distributions per unit (sen)	<u>3.62</u>	<u>2.33</u>
Cum-Distribution - 23 June 2020/24 June 2019		
NAV	1,579,540,917	1,522,585,951
NAV per unit	<u>125.79 sen</u>	<u>120.32 sen</u>
Ex-Distribution - 23 June 2020/24 June 2019		
NAV	1,548,592,556	1,494,641,585
NAV per unit	<u>122.17 sen</u>	<u>117.99 sen</u>

## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

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

Included in the distribution for the financial period ended 30 June 2020 was RM15,855,407 (2019: RM1,539,962) distributed from previous financial period's realised income.

#### 14. MANAGEMENT EXPENSE RATIO ("MER")

The Fund's MER is as follows:

	1.1.2020 to 30.6.2020 % p.a.	1.1.2019 to 30.6.2019 % p.a.
Manager's fee	0.10	0.10
Trustee's fee	0.04	0.05
Licence fee	0.01	0.01
Fund's other expenses	-*	-*
Total MER	<u>0.15</u>	<u>0.16</u>

\* represents less than 0.01%

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

#### 15. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investments to the average NAV of the Fund calculated on a daily basis, is 0.06 times (2019: 0.08 times).

#### 16. 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.



## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

#### 17. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with financial institutions for the financial period ended 30 June 2020 are as follows:

Financial institutions	Transaction value	
	RM	%
Citibank Berhad	63,429,237	37.11
Bank Islam Malaysia Berhad	52,094,978	30.48
Standard Chartered Bank Malaysia Berhad	41,889,140	24.51
AmBank (M) Berhad*	13,503,693	7.90
Total	<u>170,917,048</u>	<u>100.00</u>

\* A financial institution related to the Manager. The Manager is of the opinion that the above transactions have been entered in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

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

#### 18. FINANCIAL INSTRUMENTS

##### (a) Classification of financial instruments

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

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>30 June 2020</b>				
<b>Assets</b>				
Investments	1,602,441,727	-	-	1,602,441,727
Deposit with financial institution	-	25,427,414	-	25,427,414
Cash at banks	-	2,211	-	2,211
Total financial assets	<u>1,602,441,727</u>	<u>25,429,625</u>	-	<u>1,627,871,352</u>

**ABF Malaysia Bond Index Fund**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

**18. FINANCIAL INSTRUMENTS (CONT'D.)**

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

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>30 June 2020 (cont'd.)</b>				
<b>Liabilities</b>				
Amount due to Manager	-	-	150,246	150,246
Amount due to Trustee	-	-	56,525	56,525
Amount due to Index provider	-	-	146,011	146,011
Distribution payable	-	-	46,803,769	46,803,769
Sundry payables and accrued expenses	-	-	92,562	92,562
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>47,249,113</b>	<b>47,249,113</b>
<b>31 December 2019</b>				
<b>Assets</b>				
Investments	1,571,430,663	-	-	1,571,430,663
Deposit with financial institution	-	8,362,710	-	8,362,710
Cash at banks	-	1,942	-	1,942
<b>Total financial assets</b>	<b>1,571,430,663</b>	<b>8,364,652</b>	<b>-</b>	<b>1,579,795,315</b>
<b>Liabilities</b>				
Amount due to Manager	-	-	146,125	146,125
Amount due to Trustee	-	-	55,003	55,003
Amount due to Index provider	-	-	67,856	67,856
Distribution payable	-	-	20,557,457	20,557,457
Sundry payables and accrued expenses	-	-	96,444	96,444
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>20,922,885</b>	<b>20,922,885</b>

**ABF Malaysia Bond Index Fund**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

**18. FINANCIAL INSTRUMENTS (CONT'D.)**

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

	<b>Income, expense, gains and losses</b>	
	<b>1.1.2020 to 30.6.2020</b>	<b>1.1.2019 to 30.6.2019</b>
	<b>RM</b>	<b>RM</b>
Net gain from financial assets at FVTPL	39,642,678	48,608,673
Income, of which derived from:		
– Interest income from financial assets at FVTPL	30,008,408	28,950,106
– Interest income from financial assets at amortised cost	<u>112,564</u>	<u>144,485</u>

**(b) Financial instruments that are carried at fair value**

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

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable; either directly or indirectly; or

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

	<b>Level 1 RM</b>	<b>Level 2 RM</b>	<b>Level 3 RM</b>	<b>Total RM</b>
<b>30 June 2020</b>				
Financial assets at FVTPL	-	1,602,441,727	-	<u>1,602,441,727</u>
<b>31 December 2019</b>				
Financial assets at FVTPL	-	1,571,430,663	-	<u>1,571,430,663</u>

## **ABF Malaysia Bond Index Fund**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

#### **18. FINANCIAL INSTRUMENTS (CONT'D.)**

##### **(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:

- Deposit with financial institution
- Cash at banks
- Amount due to Manager
- Amount due to Trustee
- Amount due to Index provider
- Distributions payable
- 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.

#### **19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

##### **(a) Market risk**

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

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

## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

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

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

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

##### (i) Interest rate risk

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

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

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

Percentage shift in yield curve by:	Sensitivity of the Fund's NAV, or theoretical value	
	30.6.2020	31.12.2019
	RM	RM
+100 bps	(99,695,867)	(98,408,479)
-100 bps	111,801,395	110,517,796

##### (b) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. The Fund can invests up to 100% of the NAV in fixed income instruments. As such the Fund would be exposed to the risk of bond issuers and financial institutions defaulting on its repayment obligations which in turn would affect the NAV of the Fund.

##### (i) Credit quality of financial assets

The following table analyses the Fund's portfolio of debt securities by rating category as at 30 June 2020 and 31 December 2019:

Credit rating	RM	As a % of debt securities	As a % of NAV
<b>30.6.2020</b>			
NR*	1,602,441,727	100.00	101.37
<b>31.12.2019</b>			
AAA	6,069,814	0.39	0.39
NR*	1,565,360,849	99.61	100.43
	1,571,430,663	100.00	100.82

\*Non-rated

## ABF Malaysia Bond Index Fund

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

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

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

##### (i) Credit quality of financial assets (cont'd.)

For deposits with financial institution, 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 30 June 2020 and 31 December 2019:

Credit rating	RM	As a % of deposits	As a % of NAV
<b>30.6.2020</b>			
P1/MARC-1	25,427,414	100.00	1.61
<b>31.12.2019</b>			
P1/MARC-1	8,362,710	100.00	0.54

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 30 June 2020 and 31 December 2019:

Sectors	RM	As a % of debt securities	As a % of NAV
<b>30.6.2020</b>			
Public finance	1,573,745,000	98.21	99.55
Transportation	28,696,727	1.79	1.82
	<u>1,602,441,727</u>	<u>100.00</u>	<u>101.37</u>
<b>31.12.2019</b>			
Diversified holdings	6,069,814	0.39	0.39
Public finance	1,537,544,483	97.84	98.65
Transportation	27,816,366	1.77	1.78
	<u>1,571,430,663</u>	<u>100.00</u>	<u>100.82</u>

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

**ABF Malaysia Bond Index Fund**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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

**(c) Liquidity risk**

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise of deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

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

	<b>Contractual cash flows (undiscounted)</b>					
	<b>0 – 1 year RM</b>	<b>1 – 2 years RM</b>	<b>2 – 3 years RM</b>	<b>3 – 4 years RM</b>	<b>4 – 5 years RM</b>	<b>More than 5 years RM</b>
<b>30.6.2020</b>						
<b>Financial assets</b>						
Investments	70,890,595	194,632,273	201,187,648	172,547,120	178,166,605	1,218,713,356
Deposit with financial institution	25,427,414	-	-	-	-	-
Cash at banks	2,211	-	-	-	-	-
<b>Total assets</b>	<b>96,320,220</b>	<b>194,632,273</b>	<b>201,187,648</b>	<b>172,547,120</b>	<b>178,166,605</b>	<b>1,218,713,356</b>
<b>Financial liabilities</b>						
Amount due to Manager	150,246	-	-	-	-	-
Amount due to Trustee	56,525	-	-	-	-	-
Amount due to Index provider	146,011	-	-	-	-	-

ABF Malaysia Bond Index Fund

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

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

(c) Liquidity risk (cont'd.)

	Contractual cash flows (undiscounted)					
	0 – 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM	More than 5 years RM
<b>30.6.2020 (cont'd.)</b>						
<b>Financial liabilities (cont'd.)</b>						
Distributions payable	46,803,769	-	-	-	-	-
Sundry payables and accrued expenses	92,562	-	-	-	-	-
<b>Total liabilities</b>	<b>47,249,113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31.12.2019</b>						
<b>Financial assets</b>						
Investments	67,414,431	193,851,755	211,605,525	184,130,203	194,880,461	1,209,506,515
Deposit with financial institution	8,363,420	-	-	-	-	-
Cash at banks	1,942	-	-	-	-	-
<b>Total assets</b>	<b>75,779,793</b>	<b>193,851,755</b>	<b>211,605,525</b>	<b>184,130,203</b>	<b>194,880,461</b>	<b>1,209,506,515</b>
<b>Financial liabilities</b>						
Amount due to Manager	146,125	-	-	-	-	-
Amount due to Trustee	55,003	-	-	-	-	-
Amount due to Index provider	67,856	-	-	-	-	-
Distributions payable	20,557,457	-	-	-	-	-
Sundry payables and accrued expenses	96,444	-	-	-	-	-
<b>Total liabilities</b>	<b>20,922,885</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## **ABF Malaysia Bond Index Fund**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

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

##### **(d) Single issuer risk**

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

##### **(e) Regulatory risk**

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

##### **(f) Management risk**

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

##### **(g) Non-compliance risk**

This is the risk of the Manager, 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.

#### **20. CAPITAL MANAGEMENT**

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

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

No changes were made in the objective, policies or processes during the financial period/year ended 30 June 2020 and 31 December 2019.

## **ABF Malaysia Bond Index Fund**

### **STATEMENT BY THE MANAGER**

I, Goh Wee Peng, as the Director of AmFunds Management Berhad (the “Manager”), do hereby state that in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards so as to give a true and fair view of the financial position of ABF Malaysia Bond Index Fund (the “Fund”) as at 30 June 2020 and the comprehensive income, the changes in equity and cash flows of the Fund for the financial period then ended and comply with the requirements of the Deeds.

For and on behalf of the Manager

**GOH WEE PENG**

Executive Director

Kuala Lumpur, Malaysia  
24 August 2020

## DIRECTORY

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P.O Box 13611, 50816 Kuala Lumpur

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