

**FTSE BURSA MALAYSIA KLCI etf**

**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 FTSE Bursa Malaysia KLCI etf ("FBM KLCI etf") ("Fund") for the financial period from 1 January 2020 to 30 June 2020.

### Salient Information of the Fund

<b>Name</b>	FTSE Bursa Malaysia KLCI etf ("Fund")																																																																																																										
<b>Category/ Type</b>	ETF / Equity																																																																																																										
<b>Objective</b>	<p>The objective of the Fund is to achieve a price and yield performance, before fees, expenses and tax, that is generally similar to that of the Benchmark Index, balanced with the need to facilitate liquidity provision.</p> <p><i>Note: Any material change to the Fund's investment objective will require the Holders' approval by way of special resolution.</i></p>																																																																																																										
<b>Index Component</b>	<p>Details of the index component as at 30 June 2020 are as follows:</p> <table border="1"> <thead> <tr> <th>Stock code</th> <th>Company's name</th> <th>Percentage weight (%)</th> <th>Shares in issue ('million units)</th> </tr> </thead> <tbody> <tr><td>1295</td><td>Public Bank Berhad</td><td>10.87</td><td>3,882.14</td></tr> <tr><td>5347</td><td>Tenaga Nasional Berhad</td><td>9.64</td><td>5,686.89</td></tr> <tr><td>1155</td><td>Malayan Banking Berhad</td><td>9.58</td><td>11,241.36</td></tr> <tr><td>7113</td><td>Top Glove Corporation Berhad</td><td>5.79</td><td>2,559.81</td></tr> <tr><td>1023</td><td>CIMB Group Holdings Berhad</td><td>5.29</td><td>9,922.97</td></tr> <tr><td>5168</td><td>Hartalega Holdings Berhad</td><td>4.07</td><td>3,350.95</td></tr> <tr><td>5183</td><td>PETRONAS Chemicals Group Berhad</td><td>3.73</td><td>8,000.00</td></tr> <tr><td>5285</td><td>Sime Darby Plantation Berhad</td><td>3.73</td><td>6,884.57</td></tr> <tr><td>7277</td><td>Dialog Group Berhad</td><td>3.51</td><td>5,638.31</td></tr> <tr><td>6888</td><td>Axiata Group Berhad</td><td>3.50</td><td>9,163.57</td></tr> <tr><td>5225</td><td>IHH Healthcare Berhad</td><td>3.48</td><td>8,773.99</td></tr> <tr><td>6947</td><td>DiGi.Com Berhad</td><td>3.36</td><td>7,775.00</td></tr> <tr><td>6012</td><td>Maxis Berhad</td><td>3.13</td><td>7,820.50</td></tr> <tr><td>1961</td><td>IOI Corporation Berhad</td><td>2.92</td><td>6,284.64</td></tr> <tr><td>4065</td><td>PPB Group Berhad</td><td>2.53</td><td>1,422.60</td></tr> <tr><td>3816</td><td>MISC Berhad</td><td>2.34</td><td>4,463.75</td></tr> <tr><td>2445</td><td>Kuala Lumpur Kepong Berhad</td><td>2.20</td><td>1,064.97</td></tr> <tr><td>6033</td><td>PETRONAS Gas Berhad</td><td>2.05</td><td>1,978.73</td></tr> <tr><td>3182</td><td>Genting Berhad</td><td>2.00</td><td>3,850.58</td></tr> <tr><td>5819</td><td>Hong Leong Bank Berhad</td><td>1.99</td><td>2,086.62</td></tr> <tr><td>8869</td><td>Press Metal Aluminium Holdings Berhad</td><td>1.83</td><td>4,034.67</td></tr> <tr><td>4707</td><td>Nestle (Malaysia) Berhad</td><td>1.82</td><td>234.50</td></tr> <tr><td>4863</td><td>Telekom Malaysia Berhad</td><td>1.74</td><td>3,765.68</td></tr> <tr><td>4197</td><td>Sime Darby Berhad</td><td>1.61</td><td>6,801.45</td></tr> <tr><td>4715</td><td>Genting Malaysia Berhad</td><td>1.58</td><td>5,938.04</td></tr> </tbody> </table> <p>(Forward)</p>			Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)	1295	Public Bank Berhad	10.87	3,882.14	5347	Tenaga Nasional Berhad	9.64	5,686.89	1155	Malayan Banking Berhad	9.58	11,241.36	7113	Top Glove Corporation Berhad	5.79	2,559.81	1023	CIMB Group Holdings Berhad	5.29	9,922.97	5168	Hartalega Holdings Berhad	4.07	3,350.95	5183	PETRONAS Chemicals Group Berhad	3.73	8,000.00	5285	Sime Darby Plantation Berhad	3.73	6,884.57	7277	Dialog Group Berhad	3.51	5,638.31	6888	Axiata Group Berhad	3.50	9,163.57	5225	IHH Healthcare Berhad	3.48	8,773.99	6947	DiGi.Com Berhad	3.36	7,775.00	6012	Maxis Berhad	3.13	7,820.50	1961	IOI Corporation Berhad	2.92	6,284.64	4065	PPB Group Berhad	2.53	1,422.60	3816	MISC Berhad	2.34	4,463.75	2445	Kuala Lumpur Kepong Berhad	2.20	1,064.97	6033	PETRONAS Gas Berhad	2.05	1,978.73	3182	Genting Berhad	2.00	3,850.58	5819	Hong Leong Bank Berhad	1.99	2,086.62	8869	Press Metal Aluminium Holdings Berhad	1.83	4,034.67	4707	Nestle (Malaysia) Berhad	1.82	234.50	4863	Telekom Malaysia Berhad	1.74	3,765.68	4197	Sime Darby Berhad	1.61	6,801.45	4715	Genting Malaysia Berhad	1.58	5,938.04
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	Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)	
	1066	RHB Bank Berhad	1.57	4,010.04	
	5681	PETRONAS Dagangan Berhad	1.54	993.45	
	3034	Hap Seng Consolidated Berhad	1.22	2,489.67	
	5235SS	KLCC Property Holdings Berhad	0.75	1,805.33	
	1082	Hong Leong Financial Group Berhad	0.63	1,138.35	
<b>Duration</b>	FBM KLCI etf was established on 18 January 2007 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>	FTSE Bursa Malaysia KLCI ("FBM KLCI") (Available at <a href="http://www.aminvest.com">www.aminvest.com</a> )  <i>Source: FTSE International Limited ("FTSE") ©FTSE 2020. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. "BURSA MALAYSIA" is a trade mark of Bursa Malaysia Berhad ("BURSA MALAYSIA"). All intellectual property rights in the index values and constituent list vests in FTSE and BURSA MALAYSIA. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.</i>				
<b>Income Distribution Policy</b>	Income distribution (if any) is expected to be made semi-annually.				
<b>Breakdown of Unit Holdings by Size</b>	For the financial period under review, the size of the Fund stood at 1,672,000 units.				
	<b>Size of holding</b>	<b>As at 30 June 2020</b>		<b>As at 31 December 2019</b>	
		<b>No of units held</b>	<b>Number of unitholders</b>	<b>No of units held</b>	<b>Number of unitholders</b>
	Less than 100	1,681	48	1,731	48
	100 - 1,000	95,325	186	75,560	144
	1,001 - 10,000	546,785	149	500,800	135
	10,001 – 100,000	1,028,209	41	987,209	40
	100,001 to less than 5% of issue units	-	-	-	-
	5% and above of issue units	-	-	106,700	1

## 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 %
Construction	-	-	-	1.79	1.97	-
Consumer discretionary	3.53	4.61	4.29	-	-	-
Consumers products	-	-	-	2.85	3.10	3.40
Consumer staples	13.43	13.12	11.82	-	-	-
Energy	4.96	4.50	4.13	-	-	-
Financials	29.54	35.67	38.25	35.58	32.56	30.85
Health care	13.17	6.44	6.33	-	-	-
Industrials	5.11	6.57	6.07	6.56	7.74	7.89
Infrastructure project companies	-	-	-	3.46	3.76	4.09
Materials	5.50	5.90	6.68	-	-	-
Plantations	-	-	-	8.79	5.79	5.76
REITs	0.73	-	-	0.72	0.59	0.58
Telecommunication services	11.57	9.96	9.29	-	-	-
Trading/Services	-	-	-	39.34	43.99	46.84
Utilities	11.53	12.78	12.98	-	-	-
Money market deposits and cash equivalents	0.93	0.45	0.16	0.91	0.50	0.59
<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>

*Note: The abovementioned percentages are calculated based on total net asset value.*

**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)*	2,621,858	2,754,698	2,929,354	3,123,423	2,836,171	2,908,102
Units in circulation*	1,672,000	1,672,000	1,672,000	1,672,000	1,672,000	1,672,000
Net asset value per unit (RM)*	1.5681	1.6475	1.7520	1.8681	1.6963	1.7393
Highest net asset per unit (RM)*	1.6708	1.7903	1.9757	1.8704	1.7851	1.9172
Lowest net asset per unit (RM)*	1.2748	1.6334	1.7255	1.6898	1.6450	1.5833
Closing quoted price (RM)*	1.6300	1.6900	1.7900	1.8450	1.7550	1.7350
Highest quoted price (RM)*	1.7150	1.9000	1.9600	1.8600	1.7850	1.8900
Lowest quoted price (RM)*	1.3600	1.6550	1.7500	1.7000	1.6450	1.5850
Benchmark performance (%)	-5.53	-2.89	-2.98	13.22	0.07	-0.97
Total return (%) <sup>(1)</sup>	-4.52	-4.12	-4.44	12.10	-0.55	-2.15
- Capital growth (%)	-4.82	-6.00	-6.21	10.15	-2.45	-3.54
- Income distribution (%)	0.30	1.88	1.77	1.95	1.90	1.39
Gross distribution (sen per unit)	0.50	3.30	3.30	3.30	3.30	2.50
Net distribution (sen per unit)	0.50	3.30	3.30	3.30	3.30	2.50
Distribution yield (%) <sup>(2)</sup>	0.31	1.95	1.84	1.79	1.88	1.44
Management expense ratio (%) <sup>(3)</sup>	1.16	1.25	1.14	1.17	0.52	1.08
Portfolio turnover ratio (times) <sup>(4)</sup>	0.04	0.01	0.15	0.04	0.04	0.05

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

(Forward)



Note:

- (1) Total return is the actual return of the Fund for the respective financial period/years computed based on the net asset value per unit and net of all fees.
- (2) Distribution yield is calculated based on the total distribution for the 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 0.09% as compared to 1.25% 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 increased by 0.03 times (>100.0%) as compared to 0.01 times for the financial year ended 31 December 2019 mainly due to increase in investing activities.

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

	FBM KLCI etf <sup>(a)</sup> %	FBM KLCI/ FBM30 Index <sup>(b)</sup> %
One year	-8.32	-10.16
Three years	-3.31	-5.23
Five years	-0.47	-2.53
Ten years	3.43	1.34

#### Annual Total Return

Financial Years Ended (31 December)	FBM KLCI etf <sup>(a)</sup> %	FBM KLCI <sup>(b)</sup> %
2019	-4.12	-2.89
2018	-4.44	-2.98
2017	12.10	13.22
2016	-0.55	0.07
2015	-2.15	-0.97

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

(b) Effective from 6 July 2009, the FTSE Bursa Malaysia Large 30 Index ("FBM30Index") has been renamed FTSE Bursa Malaysia KLCI ("FBM KLCI").  
(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**

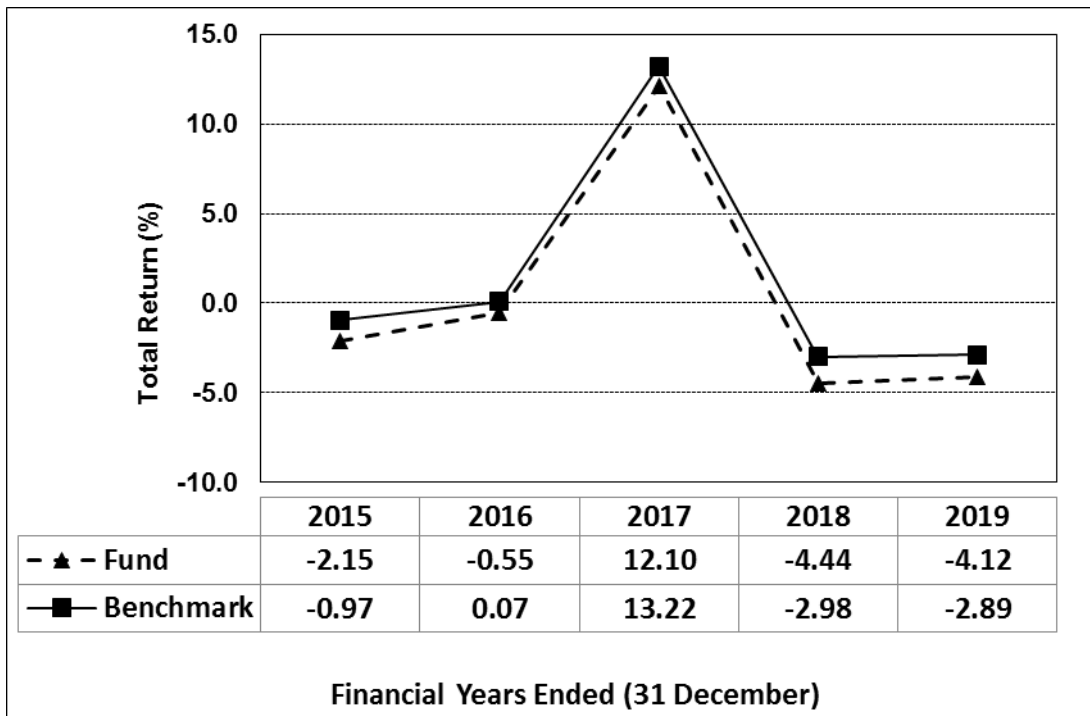
For the financial period under review, the Fund registered a negative return of 4.52% comprising of negative 4.82% capital growth and 0.30% income distribution.

Thus, the Fund's negative return of 4.52% has outperformed the benchmark's negative return of 5.53% by 1.01%.

As compared with the financial year ended 31 December 2019, the net asset value ("NAV") of the Fund decreased by 4.82% from RM2,754,698 to RM2,621,858. The NAV per unit of the Fund decreased by 4.82% from RM1.6475 to RM1.5681, while units in circulations remain unchanged at 1,672,000 units.

The closing price of the Fund quoted on Bursa Malaysia decreased by 3.55% from RM1.6900 to RM1.6300.

The line chart below shows comparison between the annual performances of FBM KLCI eff and its benchmark, FBM KLCI/FBM30 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 Manager had been indexing using complete or partial replication. This will generally result in the Fund investing all or substantially all of its assets in the constituents of the benchmark index. In managing the Fund, the Manager aims to achieve performance, over time, with a correlation of 95% or better between the Fund's portfolio NAV and the benchmark index.

The Manager will be responsible to monitor the correlation and if, in the Manager's belief, the current portfolio is not tracking the benchmark index and that it will lead to correlation below the objective of 95%, then the Manager may judiciously rebalance the portfolio to improve correlation or to rectify the divergence. Except for index changes, where rebalancing of the portfolio may have to take place prior to, upon or after the index changes, rebalancing of the portfolio will be carried out, no more than once a month.

	Where the Manager deems appropriate, the Manager may allow a Participating Dealer that has been pre-approved, to tender Zero Strike Call Options equivalent in value to an In-Kind Creation Basket or multiples thereof, in exchange for ETF units, to facilitate the liquidity provision process.																																																				
<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"> <thead> <tr> <th></th> <th>As at 30.6.2020 %</th> <th>As at 31.12.2019 %</th> <th>Changes %</th> </tr> </thead> <tbody> <tr> <td>Consumer discretionary</td> <td>3.53</td> <td>4.61</td> <td>-1.08</td> </tr> <tr> <td>Consumer staples</td> <td>13.43</td> <td>13.12</td> <td>0.31</td> </tr> <tr> <td>Energy</td> <td>4.96</td> <td>4.50</td> <td>0.46</td> </tr> <tr> <td>Financials</td> <td>29.54</td> <td>35.67</td> <td>-6.13</td> </tr> <tr> <td>Health care</td> <td>13.17</td> <td>6.44</td> <td>6.73</td> </tr> <tr> <td>Industrials</td> <td>5.11</td> <td>6.57</td> <td>-1.46</td> </tr> <tr> <td>Materials</td> <td>5.50</td> <td>5.90</td> <td>-0.40</td> </tr> <tr> <td>REITs</td> <td>0.73</td> <td>-</td> <td>0.73</td> </tr> <tr> <td>Telecommunication services</td> <td>11.57</td> <td>9.96</td> <td>1.61</td> </tr> <tr> <td>Utilities</td> <td>11.53</td> <td>12.78</td> <td>-1.25</td> </tr> <tr> <td>Money market deposits and cash equivalents</td> <td>0.93</td> <td>0.45</td> <td>0.48</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>During the financial period under review, the Fund reduced weighting in Financials, Industrials, Utilities and Consumer discretionary and re-deployed money into Health care, Telecommunication services, REITs, Energy and Consumer staples.</p>		As at 30.6.2020 %	As at 31.12.2019 %	Changes %	Consumer discretionary	3.53	4.61	-1.08	Consumer staples	13.43	13.12	0.31	Energy	4.96	4.50	0.46	Financials	29.54	35.67	-6.13	Health care	13.17	6.44	6.73	Industrials	5.11	6.57	-1.46	Materials	5.50	5.90	-0.40	REITs	0.73	-	0.73	Telecommunication services	11.57	9.96	1.61	Utilities	11.53	12.78	-1.25	Money market deposits and cash equivalents	0.93	0.45	0.48	<b>Total</b>	<b>100.00</b>	<b>100.00</b>	
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<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"> <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>0.50</td> <td>1.5782</td> <td>1.5732</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	0.50	1.5782	1.5732																																												
Date of distribution	Distribution per unit (sen)	NAV per unit Cum-Distribution (RM)	NAV per unit Ex-Distribution (RM)																																																		
23-Jun-20	0.50	1.5782	1.5732																																																		
<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 received soft commissions by virtue of transactions conducted for the Fund, in the form of research services or quotation services that assist in investment decision making process which are of demonstrable benefit to unitholders of the Fund.																																																				

<b>Market Review</b>	<p>The KLCI started 2020 with a loss of 3.6% MoM, in tandem the weak regional market performance. The bearish sentiment was most prevalent in small cap segment where the FBMSC Index plunged 6.3% MoM. The United States (US) Federal Reserve held its benchmark funds rate in a range between 1.5% to 1.75%. US 10year treasury yield collapsed 41bps to close at 1.51%, causing slight yield curve inversion of 3bps against 3month treasury yield. The pessimism stemmed from outbreak of coronavirus in Wuhan, China which prompted the World Health Organization (WHO) to declare the outbreak a global health emergency. As at 3 February, there were 17,388 cases and 362 death reported. The number of deaths in mainland China had overtaken the Severe Acute Respiratory Syndrome (SARS) epidemic of 2003. Foreign institutional investors net purchase MYR100m worth of Malaysian equities in January 2020. Sector wise, property, plantation and energy were the worst performing sectors, dropping between 7.2 to 8% MoM. Healthcare sector benefited from the coronavirus outbreak to gain 9.8% MoM.</p> <p>The KLCI registered a loss of 3.2% MoM in February, dragged down by the Dow which plunged 10.1% MoM. The bearish sentiment was most prevalent in mid/small cap where the FBM70 and FBMSC Index plunged 5.7% and 4.1% MoM respectively. Domestically, Malaysian were shocked by the sudden collapsed of the Pakatan Harapan (PH) Federal government when Parti Pribumi Bersatu (Bersatu) and 10 members of Parliament (MP) from PKR breakaway from the Harapan coalition to form a new coalition with the opposition led by United Malays National Organisation (UMNO) and Malaysian Islamic Party (PAS). In the confused and chaos state, Pakatan Prime Minister (PM), Tun Mahathir resigned as PM, which led to the appointment of Bersatu President, Tan Sri Muhyiddin as the new PM. Subsequently, Tun Mahathir claimed that he had the backing of 114 MPs or 51% of the 222-strong parliament to continue as PM. Tun Mahathir is now demanding the commencement of Parliament session, scheduled on 9 March, to ascertain who really has the majority support of MPs.</p> <p>The KLCI plunged 8.9% MoM in March 2020, dragged down by the Dow Jones which nose-dived 13.7% MoM. The bearish sentiment was most prevalent in the mid and small cap segment where the FBMSC and FBM70 Index dropped sharply by 27.7% and 18.0% MoM respectively. On 3 March 2020, Bank Negara Malaysia (BNM) delivered a second consecutive Overnight Policy Rate (OPR) cut of 25bps to 2.50%, in line with consensus expectation. The cut came shortly after the MYR20b COVID-19 fiscal stimulus package which was announced on 27 February 2020. With growth trend skewed to the downside from COVID-19 shut down globally, we see high likelihood of a further 50bps cut for the year.</p> <p>The KLCI increased 4.2% MoM in April 2020, in tandem with the Dow which spiked 11.1% MoM. The rebound was strongest in small/mid cap where the FBMSC and FBM70 Index were up sharply by 20.2% and 10.5% MoM respectively. In early April, BNM revised Malaysia's Gross domestic product (GDP) growth to between -2% to 0.5% in 2020, from the earlier 2% to 3% on 27 March 2020. Malaysia has decided to further extend the movement control order (MCO) by another 14 days until 12 May which has now been extended to 56 days. Based on the experience of Wuhan, China, the city lockdown was lifted in 77 days, based on that Malaysia's MCO should be lifted by end of May.</p> <p>The KLCI gained 4.7% MoM in May 2020, in tandem with the Dow which went up 4.3% MoM. The rebound was strongest in small/mid cap where the FBMSC and FBM70 Index were up sharply by 9% and 13.2% MoM respectively. Corporate Malaysia reported 1Q2020 results, which were disappointing as analyst cut KLCI earnings by about 20%. Earnings growth for 2020 is projected to decline -15% YoY before recovering to +19% YoY in 2021. BNM has reduced the OPR by 50bps to 2.00%. This is the 4th cut since May 2019 in response to the weak economic. The</p>
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	<p>government relaxed the MCO to become conditional MCO but extended it to 9th June. The fragile political scene was given a knock by former Prime Minister, Tun Mahathir who puts forward vote of no confidence motion on PM Muhyiddin, which underlines the perilous state of the dubious wafer-thin majority Perikatan Nasional (PN) government.</p> <p>The KLCI gained 1.9% MoM in June, in tandem with the Dow which went up 1.7% MoM. The positive sentiment in big caps was not shared in mid/small caps where the FBM70 and FBMSC Index were down by 1.9% MoM and 1.7% MoM respectively. The KLCI gain was driven by Top Glove and Public Bank. The Malaysian government announced preparations for a transition from the Conditional Movement Control Order (CMCO) ending on 9 June to the Recovery Movement Control Order (RMCO) set to last until 31 August amid a gradual decline in new COVID-19 cases and an expansion in testing and treatment capacity. To aid the post-MCO rehabilitation, the government announced an MYR35b Economic Recovery Plan (PENJANA), its fourth comprehensive package that brings the cumulative stimulus to MYR295b, or 20% of GDP. PENJANA broadly consists of MYR10b in direct fiscal spending, MYR8b in tax breaks and incentives, and the remainder through measures implemented by the quasi-public sector and GLC entities. The incentives will help boost near-term sales as the economy reopens.</p>
<p><b>Market Outlook</b></p>	<p>Despite the rising COVID-19 cases globally, global markets, especially the US market continue to march higher, ignoring the actual negative impact on the global economy. Investors should not discount the dampening effect of the 2nd wave that has led to lockdowns in various countries. Thanks to the global central banks, the ample liquidity continues to support the downside of the market but we believe investors would eventually come to their senses that the real economy outlook may not be as rosy as reflected by the equity market performance Year to date (YTD). Hence, our cautiousness remains.</p> <p>Local market continues to do well vis-à-vis the regional peers and in fact is the best performer in the region on a YTD basis. Due to the wide economic impact of the COVID-19 pandemic, we believe that the recovery would take a longer period. Hence, investment calls going forward, will be based on a longer term investment horizon. Keys factors that will continue to support the local market are:</p> <ul style="list-style-type: none"> <li>a) the high market liquidity;</li> <li>b) recovery from the 1H20 low base effect from the COVID-19 pandemic;</li> <li>c) the strong local institutional and retail support for the equity market;</li> <li>d) preferred lower beta market during this “risk-off” period;</li> <li>e) being the 2nd highest dividend yield market in this region during this low interest rate environment; and</li> <li>f) attractive valuation of selective mid and smaller cap stocks.</li> </ul> <p>We remain defensive with reasonable amount of cash holding in preparation for any market weaknesses. Focus will be based on bottom-up approach with preference in sectors namely, consumer (non-discretionary), technology, gloves, selective construction, telco, plantation and Real Estate Investment Trusts (REITs).</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 1st January 2020.</li> </ol>

Kuala Lumpur, Malaysia  
AmFunds Management Berhad

24 August 2020

**FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	Note	30.6.2020 (unaudited) RM	31.12.2019 (audited) RM
<b>ASSETS</b>			
Investments	4	2,598,163	2,742,091
Dividend receivables		2,600	-
Cash at banks		45,700	78,399
<b>TOTAL ASSETS</b>		<u>2,646,463</u>	<u>2,820,490</u>
<b>LIABILITIES</b>			
Amount due to Manager	5	1,235	1,295
Amount due to Trustee	6	116	122
Amount due to Index provider	7	59	2,752
Distributions payable	12	8,360	46,816
Sundry payables and accrued expenses		14,835	14,807
<b>TOTAL LIABILITIES</b>		<u>24,605</u>	<u>65,792</u>
<b>NET ASSET VALUE (“NAV”) OF THE FUND</b>		<u>2,621,858</u>	<u>2,754,698</u>
<b>EQUITY</b>			
Unit holders’ capital	9(a)	2,218,683	2,218,683
Retained earnings	9(b)(c)	403,175	536,015
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	9	<u>2,621,858</u>	<u>2,754,698</u>
<b>UNITS IN CIRCULATION</b>	9(a)	<u>1,672,000</u>	<u>1,672,000</u>
<b>NAV PER UNIT – EX-DISTRIBUTION</b>		<u>156.81 sen</u>	<u>164.75 sen</u>

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

**FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)**

**STATEMENT OF COMPREHENSIVE INCOME (Unaudited)  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

	Note	1.1.2020 to 30.6.2020 RM	1.1.2019 to 30.6.2019 RM
<b>INVESTMENT (LOSS)/INCOME</b>			
Gross dividend income		61,500	50,392
Interest income		1	-
Net loss from investments:			
- Financial assets at fair value through profit or loss (“FVTPL”)	8	<u>(168,865)</u>	<u>(34,141)</u>
		<u>(107,364)</u>	<u>16,251</u>
<b>EXPENDITURE</b>			
Manager’s fee	5	(6,337)	(7,076)
Trustee’s fee	6	(634)	(850)
Licence fee	7	(507)	(566)
Auditors’ remuneration		(2,238)	(2,341)
Tax agent’s fee		(2,486)	(2,452)
Other expenses		<u>(4,914)</u>	<u>(7,067)</u>
		<u>(17,116)</u>	<u>(20,352)</u>
<b>Net loss before tax</b>		(124,480)	(4,101)
<b>Less: Income tax</b>	11	-	-
<b>Net loss after tax, representing total comprehensive loss for the financial period</b>		<u>(124,480)</u>	<u>(4,101)</u>
Total comprehensive loss comprises the following:			
Realised income		23,490	33,465
Unrealised loss		<u>(147,970)</u>	<u>(37,566)</u>
		<u>(124,480)</u>	<u>(4,101)</u>
<b>Distribution for the financial period</b>			
Net distribution	12	<u>8,360</u>	<u>8,360</u>
Gross/net distributions per unit (sen)	12	<u>0.50</u>	<u>0.50</u>

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

**FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)**

**STATEMENT OF CHANGES IN EQUITY *(Unaudited)***  
**FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

	<b>Note</b>	<b>Unit holders’ capital RM</b>	<b>Retained earnings RM</b>	<b>Total equity RM</b>
At 1 January 2019		2,218,683	710,671	2,929,354
Total comprehensive loss for the financial period		-	(4,101)	(4,101)
Distribution	12	-	(8,360)	(8,360)
Balance at 30 June 2019		<u>2,218,683</u>	<u>698,210</u>	<u>2,916,893</u>
At 1 January 2020		2,218,683	536,015	2,754,698
Total comprehensive loss for the financial period		-	(124,480)	(124,480)
Distribution	12	-	(8,360)	(8,360)
Balance at 30 June 2020		<u>2,218,683</u>	<u>403,175</u>	<u>2,621,858</u>

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



**FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)****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 sale of investments	92,025	15,920
Dividends received	58,900	49,001
Interest received	1	-
Manager’s fee paid	(6,397)	(7,217)
Trustee’s fee paid	(639)	(866)
Payments for other expenses	(12,811)	(10,489)
Purchase of investments	(116,962)	(14,217)
Net cash generated from operating and investing activities	<u>14,117</u>	<u>32,132</u>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Distributions paid	<u>(46,816)</u>	<u>(46,816)</u>
Net cash used in financing activity	<u>(46,816)</u>	<u>(46,816)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(32,699)</b>	<b>(14,684)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<u>78,399</u>	<u>64,924</u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<u>45,700</u>	<u>50,240</u>
Cash and cash equivalents comprise:		
Cash at banks	<u>45,700</u>	<u>50,240</u>

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

## **FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)**

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

#### **1. GENERAL INFORMATION**

FBM KLCI etf (“the Fund”) was established pursuant to a Deed dated 18 January 2007 as amended by the Deeds Supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, HSBC (Malaysia) Trustee Berhad as the Trustee and all unit holders.

On 6 July 2009, the Fund’s benchmark, FTSE Bursa Malaysia Large 30 Index (“FBM30”) has been renamed to FTSE Bursa Malaysia KLCI and concurrent with this change, the Fund also announced the change of name to FTSE Bursa Malaysia KLCI etf (short name: FBM KLCI etf). The Fund’s change of its name is pursuant to the Third Supplemental Deed dated 29 June 2009.

The Fund was set up with the objective to achieve a price and yield performance, before fees, expenses and tax, that is generally similar to that of the benchmark index, FTSE Bursa Malaysia KLCI, balanced with the need to facilitate liquidity provision. 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 7 June 2007.

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 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.

**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>
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 101: <i>Presentation of Financial Statements 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” Reference to the Conceptual Framework ( <i>Amendments to MFRS 3 Business Combinations</i> )*	1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use ( <i>Amendments to MFRS 116 Property, Plant and Equipment</i> )*	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract ( <i>Amendments to MFRS 137 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) Dividend income

Dividend income is recognised when the Fund’s right to receive payment is established.

(ii) Interest income

Interest income on short-term deposits is recognised on an accrual basis using the effective interest method.

(iii) 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.

**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.)**

**3.2 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 Fund subsequently measures its investments in equity investments and collective investment schemes (“CIS”) at FVTPL. Dividends/distribution earned whilst holding the investments are recognised in profit or loss when the right to the payment has been established. Gains and losses on the investments, realised and unrealised, are included in 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.)**

**3.9 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 deposits with financial institutions, cash at banks, amounts due from brokers/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.

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 and dividend revenue elements of such instruments are recorded separately in “Interest income” and “Dividend income” respectively.

**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 FVTPL (cont'd.)

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

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

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

**3.11 Derecognition of financial instruments**

(i) Derecognition of financial asset

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

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

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.

**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.)**

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

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

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

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

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

**3.13 Determination of fair value**

For investments in quoted securities, fair value is determined based on the closing price quoted on Bursa Malaysia Berhad. Purchased cost is the quoted price that the Fund paid when buying its investments. The difference between purchased cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gains or losses recognised in profit or loss are not distributable in nature.

**3.14 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.



**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.)**

**3.15 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.

**4. INVESTMENTS**

	Note	30.6.2020 RM	31.12.2019 RM
<b>Financial assets at FVTPL</b>			
Quoted equity securities	(a)	2,579,059	2,742,091
CIS	(b)	19,104	-
		<u>2,598,163</u>	<u>2,742,091</u>

Details of investments are as follows:

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>30.6.2020</b>				
<b>(a) Quoted equity securities</b>				
<b>Consumer discretionary</b>				
Genting Berhad	12,600	51,660	117,641	1.97
Genting Malaysia Berhad	16,200	40,986	56,286	1.56
	<u>28,800</u>	<u>92,646</u>	<u>173,927</u>	<u>3.53</u>

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4. INVESTMENTS (CONT'D.)

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>30.6.2020 (cont'd.)</b>				
<b>(a) Quoted equity securities (cont'd.)</b>				
<b>Consumer staples</b>				
IOI Corporation Berhad	17,485	75,885	100,304	2.89
Kuala Lumpur Kepong Berhad	2,600	57,720	48,660	2.20
Nestle (Malaysia) Berhad	400	55,960	48,307	2.13
PPB Group Berhad	3,720	66,141	45,254	2.52
Sime Darby Plantation Berhad	19,689	96,870	104,475	3.69
	<u>43,894</u>	<u>352,576</u>	<u>347,000</u>	<u>13.43</u>
<b>Energy</b>				
Dialog Group Berhad	25,200	90,972	83,218	3.47
PETRONAS Dagangan Berhad	1,900	39,140	31,350	1.49
	<u>27,100</u>	<u>130,112</u>	<u>114,568</u>	<u>4.96</u>
<b>Financials</b>				
CIMB Group Holdings Berhad	38,510	137,096	267,612	5.23
Hong Leong Bank Berhad	3,612	50,857	35,964	1.94
Hong Leong Financial Group Berhad	1,290	16,899	16,989	0.64
Malayan Banking Berhad	33,031	248,063	274,847	9.46
Public Bank Berhad	17,030	280,995	204,742	10.72
RHB Bank Berhad	8,511	40,768	45,841	1.55
	<u>101,984</u>	<u>774,678</u>	<u>845,995</u>	<u>29.54</u>
<b>Health care</b>				
Hartalega Holdings Berhad	8,100	105,300	50,638	4.02
IHH Healthcare Berhad	16,400	90,200	59,176	3.44
Top Glove Corporation Bhd.	9,300	149,730	53,360	5.71
	<u>33,800</u>	<u>345,230</u>	<u>163,174</u>	<u>13.17</u>

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4. INVESTMENTS (CONT'D.)

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>30.6.2020 (cont'd.)</b>				
<b>(a) Quoted equity securities (cont'd.)</b>				
<b>Industrials</b>				
Hap Seng Consolidated Berhad	3,600	31,680	30,075	1.21
MISC Berhad	7,900	60,514	40,567	2.31
Sime Darby Berhad	19,389	41,686	34,193	1.59
	<u>30,889</u>	<u>133,880</u>	<u>104,835</u>	<u>5.11</u>
<b>Materials</b>				
PETRONAS Chemicals Group Berhad	15,600	96,720	91,555	3.69
Press Metal Aluminium Holdings Berhad	10,500	47,565	54,851	1.81
	<u>26,100</u>	<u>144,285</u>	<u>146,406</u>	<u>5.50</u>
<b>Telecommunication services</b>				
Axiata Group Berhad	25,500	90,525	112,007	3.45
DiGi.Com Berhad	20,200	87,062	50,830	3.32
Maxis Berhad	15,100	81,087	86,544	3.09
Telekom Malaysia Berhad	10,800	44,820	44,064	1.71
	<u>71,600</u>	<u>303,494</u>	<u>293,445</u>	<u>11.57</u>
<b>Utilities</b>				
PETRONAS Gas Berhad	3,100	52,328	38,230	2.00
Tenaga Nasional Berhad	21,500	249,830	186,971	9.53
	<u>24,600</u>	<u>302,158</u>	<u>225,201</u>	<u>11.53</u>
Total quoted equity securities	<u>388,767</u>	<u>2,579,059</u>	<u>2,414,551</u>	<u>98.34</u>
<b>(b) CIS</b>				
<b>REITs</b>				
KLCCP Stapled Group	2,400	19,104	19,176	0.73
Total CIS	<u>2,400</u>	<u>19,104</u>	<u>19,176</u>	<u>0.73</u>
<b>Total financial assets at FVTPL</b>	<u>391,167</u>	<u>2,598,163</u>	<u>2,433,727</u>	<u>99.07</u>
<b>Excess of fair value over purchased cost</b>		<u>164,436</u>		

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4. INVESTMENTS (CONT'D.)

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>31.12.2019</b>				
<b>(a) Quoted equity securities</b>				
<b>Consumer discretionary</b>				
Genting Berhad	12,600	76,230	117,641	2.77
Genting Malaysia Berhad	15,400	50,666	54,312	1.84
	<u>28,000</u>	<u>126,896</u>	<u>171,953</u>	<u>4.61</u>
<b>Consumer staples</b>				
IOI Corporation Berhad	17,385	80,145	99,874	2.91
Kuala Lumpur Kepong Berhad	2,500	62,000	46,302	2.25
Nestle (Malaysia) Berhad	300	44,100	33,848	1.60
PPB Group Berhad	3,620	68,201	43,530	2.48
Sime Darby Plantation Berhad	19,589	106,760	104,046	3.88
	<u>43,394</u>	<u>361,206</u>	<u>327,600</u>	<u>13.12</u>
<b>Energy</b>				
Dialog Group Berhad	25,200	86,940	83,160	3.16
PETRONAS Dagangan Berhad	1,600	36,960	24,678	1.34
	<u>26,800</u>	<u>123,900</u>	<u>107,838</u>	<u>4.50</u>
<b>Financials</b>				
AMMB Holdings Berhad *	10,500	41,055	44,272	1.49
CIMB Group Holdings Berhad	38,210	196,781	266,508	7.14
Hong Leong Bank Berhad	3,612	62,488	35,964	2.27
Hong Leong Financial Group Berhad	1,290	21,801	16,883	0.79
Malayan Banking Berhad	32,731	282,796	272,468	10.27
Public Bank Berhad	16,930	329,119	202,603	11.95
RHB Bank Berhad	8,411	48,616	45,362	1.76
RHB Capital Berhad	4,839	-	-	-
	<u>116,523</u>	<u>982,656</u>	<u>884,060</u>	<u>35.67</u>

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4. INVESTMENTS (CONT'D.)

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>31.12.2019 (cont'd.)</b>				
<b>(a) Quoted equity securities (cont'd.)</b>				
<b>Health care</b>				
Hartalega Holdings Berhad	8,100	44,388	50,058	1.61
IHH Healthcare Berhad	16,300	89,161	58,448	3.24
Top Glove Corporation Bhd.	9,300	43,710	52,359	1.59
	<u>33,700</u>	<u>177,259</u>	<u>160,865</u>	<u>6.44</u>
<b>Industrials</b>				
Hap Seng Consolidated Berhad	3,600	35,928	30,075	1.30
Malaysia Airport Holdings Berhad	4,900	37,240	43,953	1.35
MISC Berhad	7,800	65,130	39,787	2.36
Sime Darby Berhad	19,389	43,043	34,120	1.56
	<u>35,689</u>	<u>181,341</u>	<u>147,935</u>	<u>6.57</u>
<b>Materials</b>				
PETRONAS Chemicals Group Berhad	15,500	113,925	90,885	4.14
Press Metal Aluminium Holdings Berhad	10,400	48,360	54,393	1.76
	<u>25,900</u>	<u>162,285</u>	<u>145,278</u>	<u>5.90</u>
<b>Telecommunication services</b>				
Axiata Group Berhad	25,200	104,328	111,169	3.79
DiGi.Com Berhad	20,100	89,646	50,232	3.25
Maxis Berhad	15,100	80,332	86,657	2.92
	<u>60,400</u>	<u>274,306</u>	<u>248,058</u>	<u>9.96</u>
<b>Utilities</b>				
PETRONAS Gas Berhad	4,200	69,804	51,795	2.53
Tenaga Nasional Berhad	21,300	282,438	184,303	10.25
	<u>25,500</u>	<u>352,242</u>	<u>236,098</u>	<u>12.78</u>
<b>Total financial assets at FVTPL</b>	<u>395,906</u>	<u>2,742,091</u>	<u>2,429,685</u>	<u>99.55</u>
<b>Excess of fair value over purchased cost</b>		<u>312,406</u>		

\* An entity related to the Manager.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**5. AMOUNT DUE FROM/TO MANAGER**

	Note	30.6.2020 RM	31.12.2019 RM
<b>Due to Manager</b>			
Manager’s fee payable	(i)	<u>1,235</u>	<u>1,295</u>

(i) Manager’s fee is at a rate of 0.50% (2019: 0.50%) per annum on the NAV of the Fund, calculated on a daily basis.

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

**6. AMOUNT DUE TO TRUSTEE**

Up until 31 August 2019, Trustee’s fee was charged at a rate of 0.06% (2019: 0.06%) 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 0.05% 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.

**7. AMOUNT DUE TO INDEX PROVIDER**

Licence fee rate is at 0.04% (2019: 0.04%) per annum on the NAV of the Fund, calculated on a daily basis.

**8. NET LOSS FROM INVESTMENTS**

	1.1.2020 to 30.6.2020 RM	1.1.2019 to 30.6.2019 RM
Net loss on financial assets at FVTPL comprised:		
– Net realised (loss)/gain on sale of investments	(20,895)	3,425
– Net unrealised loss on changes in fair values of investments	<u>(147,970)</u>	<u>(37,566)</u>
	<u>(168,865)</u>	<u>(34,141)</u>

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9. TOTAL EQUITY

Total equity is represented by:

	Note	30.6.2020 RM	31.12.2019 RM
Unit holders’ capital	(a)	2,218,683	2,218,683
Retained earnings			
– Realised income	(b)	238,739	223,609
– Unrealised gain	(c)	164,436	312,406
		<u>2,621,858</u>	<u>2,754,698</u>

(a) Unit holders’ capital/units in circulation

	30.6.2020		31.12.2019	
	Number of units	RM	Number of units	RM
At beginning of the financial period/year	1,672,000	2,218,683	1,672,000	2,218,683

(b) Realised – distributable

	30.6.2020 RM	31.12.2019 RM
At beginning of the financial period/year	223,609	211,108
Net realised income for the financial period/year	23,490	67,677
Distributions out of realised income	(8,360)	(55,176)
At end of the financial period/year	<u>238,739</u>	<u>223,609</u>

(c) Unrealised – non-distributable

	30.6.2020 RM	31.12.2019 RM
At beginning of the financial period/year	312,406	499,563
Net unrealised loss for the financial period/year	(147,970)	(187,157)
At end of the financial period/year	<u>164,436</u>	<u>312,406</u>

## FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)

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

#### 10. 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*	37,476	61,086	54,476	92,064

\* 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.

#### 11. 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 loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:



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**NOTES TO THE FINANCIAL STATEMENTS  
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**11. INCOME TAX (CONT'D.)**

	<b>1.1.2020 to 30.6.2020 RM</b>	<b>1.1.2019 to 30.6.2019 RM</b>
Net loss before tax	(124,480)	(4,101)
Taxation at Malaysian statutory rate of 24% (2019: 24%)	(29,875)	(984)
Tax effects of:		
Income not subject to tax	(14,760)	(12,916)
Loss not subject for tax purposes	40,528	9,016
Restriction on tax deductible expenses for exchange traded funds	2,131	2,486
Non-permitted expenses for tax purposes	1,740	2,122
Permitted expenses not used and not available for future financial periods	236	276
Tax expense for the financial period	-	-

**12. 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:

	<b>1.1.2020 to 30.6.2020 RM</b>	<b>1.1.2019 to 30.6.2019 RM</b>
Gross dividend income	61,500	50,392
Interest income	1	-
Net realised (loss)/gain on sale of investments	(20,895)	3,425
	40,606	53,817
Less: Expenses	(17,116)	(20,352)
Realised income for the financial period	23,490	33,465
Previous year's undistributed realised income	223,609	211,108
Total realised income available for distribution	247,099	244,573
Less : Declared income distribution	(8,360)	(8,360)
Balance undistributed realised income	238,739	236,213
Gross/net distributions per unit (sen)	0.50	0.50
Cum-Distribution - 23 June 2020/24 June 2019		
NAV	2,638,732	2,929,261
NAV per unit	157.82 sen	175.20 sen
Ex-Distribution - 23 June 2020/24 June 2019		
NAV	2,630,372	2,920,901
NAV per unit	157.32 sen	174.70 sen

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

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

The current year distribution had been proposed before taking into account the net realised loss of RM20,895.

#### 13. 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	0.50	0.50
Trustee’s fee	0.05	0.06
Licence fee	0.04	0.04
Fund’s other expenses	0.57	0.78
Total MER	<u>1.16</u>	<u>1.38</u>

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.

#### 14. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investments to the average NAV of the Fund calculated on a daily basis, is 0.04 times (2019: 0.01 times).

#### 15. SEGMENTAL REPORTING

In accordance with the objective of the Fund, substantially all of the Fund's investments are made in the form of quoted equity securities 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.

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

#### 16. TRANSACTIONS WITH BROKERS AND FINANCIAL INSTITUTIONS

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

Brokers/Financial institutions	Transaction value		Brokerage fee, stamp duty and clearing fee	
	RM	%	RM	%
AmlInvestment Bank Berhad*	74,156	35.48	1,092	44.45
Maybank Investment Bank Berhad	69,718	33.36	965	39.24
CGS - CIMB Securities Sdn. Bhd	65,113	31.16	401	16.31
<b>Total</b>	<b>208,987</b>	<b>100.00</b>	<b>2,458</b>	<b>100.00</b>

\* 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 listed securities.

#### 17. FINANCIAL INSTRUMENTS

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

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

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>30 June 2020</b>				
<b>Assets</b>				
Investments	2,598,163	-	-	2,598,163
Dividend receivables	-	2,600	-	2,600
Cash at banks	-	45,700	-	45,700
<b>Total financial assets</b>	<b>2,598,163</b>	<b>48,300</b>	<b>-</b>	<b>2,646,463</b>

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17. FINANCIAL INSTRUMENTS (CONT'D.)

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

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>30 June 2020</b>				
<b>Liabilities</b>				
Amount due to Manager	-	-	1,235	1,235
Amount due to Trustee	-	-	116	116
Amount due to Index provider	-	-	59	59
Distribution payable	-	-	8,360	8,360
Sundry payables and accrued expenses	-	-	14,835	14,835
Total financial liabilities	-	-	24,605	24,605
<b>31 December 2019</b>				
<b>Assets</b>				
Investments	2,742,091	-	-	2,742,091
Cash at banks	-	78,399	-	78,399
Total financial assets	2,742,091	78,399	-	2,820,490
<b>Liabilities</b>				
Amount due to Manager	-	-	1,295	1,295
Amount due to Trustee	-	-	122	122
Amount due to Index provider	-	-	2,752	2,752
Distribution payable	-	-	46,816	46,816
Sundry payables and accrued expenses	-	-	14,807	14,807
Total financial liabilities	-	-	65,792	65,792
<b>Income, expense, gains and losses</b>				
			<b>1.1.2020 to 30.6.2020 RM</b>	<b>1.1.2019 to 30.6.2019 RM</b>
Net loss from financial assets at FVTPL			(168,865)	(34,141)
Income, of which derived from:				
– Gross dividend income from financial assets at FVTPL			61,500	50,392
– Interest income from financial assets at amortised cost			1	-

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

#### 17. FINANCIAL INSTRUMENTS (CONT'D.)

##### (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:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>30 June 2020</b>				
Financial assets at FVTPL	2,598,163	-	-	2,598,163
<b>31 December 2019</b>				
Financial assets at FVTPL	2,742,091	-	-	2,742,091

##### (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
- Distribution 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.

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

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

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

Risk management is carried out by closely monitoring, measuring and mitigating the above said risks, careful selection of investments coupled with stringent compliance to 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.

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

##### (i) Price risk

Price risk refers to the uncertainty of an investment’s future prices. In the event of adverse price movements, the Fund might endure potential loss on its quoted investments. In managing price risk, the Manager actively monitors the performance and risk profile of the investment portfolio.

The result below summarised the price risk sensitivity of the Fund’s NAV due to movements of price by -5.00% and +5.00% respectively:

Percentage movements in price by:	Sensitivity of the Fund’s NAV	
	30.6.2020 RM	31.12.2019 RM
-5.00%	(129,908)	(137,105)
+5.00%	<u>129,908</u>	<u>137,105</u>

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

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

**(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. Credit risk applies to short-term deposits and dividends receivable. The issuer of such instruments may not be able to fulfill the required interest payments or repay the principal invested or amount owing. These risks may cause the Fund’s investments to fluctuate in value.

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

**(c) Liquidity risk**

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

The Fund’s financial liabilities have contractual maturities of not more than six months.

**(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.

**FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)**

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

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

**(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.

**19. CAPITAL MANAGEMENT**

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

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

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



## **FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)**

### **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 FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”) (the “Fund”) as at 30 June 2020 and the comprehensive income, the changes in equity and cash flows 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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*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.)*