

Semi-Annual Report for

FTSE Bursa Malaysia KLCI etf

30 June 2023



AmInvest

Growing Your Investments in a Changing World

FTSE BURSA MALAYSIA KLCI etf

Semi-Annual Report

30 June 2023

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Board of Directors

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Jas Bir Kaur A/P Lol Singh
Goh Wee Peng

Investment Committee

Jas Bir Kaur A/P Lol Singh
Tracy Chen Wee Keng
Goh Wee Peng

Trustee

HSBC (Malaysia) Trustee Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

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MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the unaudited accounts of FTSE Bursa Malaysia KLCI etf ("FBM KLCI etf") ("Fund") for the financial period from 1 January 2023 to 30 June 2023.

Salient Information of the Fund

Name	FTSE Bursa Malaysia KLCI etf ("Fund")		
Category/Type	Exchange-traded fund / Equity		
Objective	<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, balanced with the need to facilitate liquidity provision.</p> <p><i>Note: Any material change to the Fund's investment objective will require the Unit Holders' approval by way of a resolution of not less than two-thirds of all Unit Holders at a Unit Holders' meeting duly convened and held in accordance with the deed.</i></p>		
Index Component	Details of the index component as at 30 June 2023 are as follows:		
	Stock code	Company's name	Percentage weight (%)
			Shares in issue ('million units)
	1155	Malayan Banking Berhad	14.30
	1295	Public Bank Berhad	12.27
	1023	CIMB Group Holdings Berhad	9.00
	5347	Tenaga Nasional Berhad	6.57
	5225	IHH Healthcare Berhad	3.89
	5183	PETRONAS Chemicals Group Berhad	3.81
	8869	Press Metal Aluminium Holdings Berhad	3.71
	6947	CelcomDigi Berhad (formerly known as Digi.com Berhad)	3.63
	5285	Sime Darby Plantation Berhad	3.34
	3816	MISC Berhad	2.78
	5819	Hong Leong Bank Berhad	2.78
	6888	Axiata Group Berhad	2.76
	2445	Kuala Lumpur Kepong Berhad	2.69
	4065	PPB Group Berhad	2.37
	4863	Telekom Malaysia Berhad	2.20
	6033	PETRONAS Gas Berhad	2.14
	1961	IOI Corporation Berhad	2.05
	1066	RHB Bank Berhad	1.99
	3182	Genting Berhad	1.97
	7277	Dialog Group Berhad	1.89
	6012	Maxis Berhad	1.84
	4707	Nestle (Malaysia) Berhad	1.80
	1015	AMMB Holdings Berhad	1.79
	4197	Sime Darby Berhad	1.63

	Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)	
	4715	Genting Malaysia Berhad	1.55	5,667.74	
	7084	QL Resources Berhad	1.30	2,433.66	
	5681	PETRONAS Dagangan Berhad	1.30	993.45	
	5296	Mr. D.I.Y. Group (M) Berhad	0.93	9,433.23	
	1082	Hong Leong Financial Group Berhad	0.90	1,134.10	
	5246	Westports Holdings Berhad	0.85	3,410.00	
Duration	The Fund was established on 7 June 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.				
Performance Benchmark	FTSE Bursa Malaysia KLCI ("FBM KLCI") (Available at www.aminvest.com) <i>Source: FTSE International Limited ("FTSE") ©FTSE 2023. "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>				
Income Distribution Policy	The Fund may periodically be entitled to and receive dividends on the holdings of shares and yields on the placement or investment of its cash. The Manager endeavors to pay out all such income after deducting appropriate fees, expenses and tax, however, the exact amount to be determined will be at the absolute discretion of the Manager. Cash distributions (if any) are expected to be made semi-annually of which details of declaration dates, distribution amounts, ex-distribution dates and distribution payment dates will be duly published on www.bursamalaysia.com				
Breakdown of Unit Holdings by Size	For the financial period under review, the size of the Fund stood at 3,344,000 units.				
	Size of holding	As at 30 June 2023		As at 31 December 2022	
		No of units held	Number of unitholders	No of units held	Number of unitholders
	Less than 100	1,704	53	1,704	53
	100 - 1,000	146,939	329	147,039	321
	1,001 - 10,000	757,355	198	739,171	193
	10,001 - 100,000	1,696,142	69	1,469,426	60
	100,001 to less than 5% of issue units	252,600	2	112,600	1
	5% and above of issue units	489,260	1	874,060	1

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 30 June 2023 and for the past five financial years are as follows:					
	As at 30.06.2023 %	As at 31 December				
		2022 %	2021 %	2020 %	2019 %	2018 %
Consumer discretionary	4.39	4.65	4.39	3.41	4.61	4.29
Consumer staples	13.50	13.77	11.34	12.48	13.12	11.82
Energy	3.16	3.38	3.74	4.34	4.50	4.13
Financials	42.53	41.76	35.38	32.22	35.67	38.25
Health care	3.84	2.75	8.73	14.73	6.44	6.33
Industrials	5.18	4.44	4.00	4.88	6.57	6.07
Information technology	-	1.51	2.15	-	-	-
Materials	7.43	8.74	9.35	7.02	5.90	6.68
Telecommunication services	10.30	9.51	11.71	10.94	9.96	9.29
Utilities	8.61	8.60	9.22	9.63	12.78	12.98
Money market deposits and cash equivalents	1.06	0.89	-0.01	0.35	0.45	0.16
Total	100.00	100.00	100.00	100.00	100.00	100.00
	<i>Note: The abovementioned percentages are calculated based on total net asset value.</i>					
Performance Details	Performance details of the Fund for the financial period ended 30 June 2023 and five financial years ended 31 December are as follows:					
	FPE 30.06.2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018
Net asset value (RM'000)*	4,811	5,221	4,069	4,243	2,755	2,929
Units in circulation ('000)*	3,344	3,344	2,508	2,508	1,672	1,672
Net asset value per unit (RM)*	1.4386	1.5613	1.6224	1.6917	1.6475	1.7520
Highest net asset per unit (RM)*	1.5649	1.6827	1.7056	1.7656	1.7903	1.9757
Lowest net asset per unit (RM)*	1.4386	1.4343	1.5476	1.2748	1.6334	1.7255
Closing quoted price (RM)*	1.4550	1.5500	1.5900	1.7100	1.6900	1.7900
Highest quoted price (RM)*	1.5700	1.6800	1.7100	1.7800	1.9000	1.9600
Lowest quoted price (RM)*	1.4550	1.4400	1.5500	1.3600	1.6550	1.7500
Benchmark performance (%)	-7.94	-0.66	0.33	5.69	-2.89	-2.98

	FPE 30.06.2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018
Total return (%) ⁽¹⁾	-6.64	-1.37	-0.97	4.09	-4.12	-4.44
- Capital growth (%)	-7.88	-3.65	-4.04	2.69	-6.00	-6.21
- Income distribution (%)	1.24	2.28	3.07	1.40	1.88	1.77
Gross distribution (sen per unit)	1.93	3.70	5.20	2.30	3.30	3.30
Net distribution (sen per unit)	1.93	3.70	5.20	2.30	3.30	3.30
Distribution yield (%) ⁽²⁾	1.33	2.39	3.27	1.35	1.95	1.84
Total expense ratio (%) ⁽³⁾	0.56	1.02	1.28	1.11	1.25	1.14
Portfolio turnover ratio (times) ⁽⁴⁾	0.04	0.19	0.04	0.30	0.01	0.15

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

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 distributions for the period/years divided by the closing quoted price.
- (3) Total expense ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis.
- (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.

Average Total Return (as at 30 June 2023)

	FBM KLCI etf ^(a) %	FBM KLCI ^(b) %
One year	-1.57	-4.68
Three years	-0.20	-2.84
Five years	-1.72	-4.03
Ten years	-0.30	-2.50

Annual Total Return

Financial Years Ended (31 December)	FBM KLCI etf^(a) %	FBM KLCI^(b) %
2022	-1.37	-0.66
2021	-0.97	0.33
2020	4.09	5.69
2019	-4.12	-2.89
2018	-4.44	-2.98

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

(b) FTSE Bursa Malaysia KLCI ("FBM KLCI"). (Available at www.aminvest.com)

The Fund performance is calculated based on the net asset value per unit of the Fund. Average total return of the Fund and its benchmark for a 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

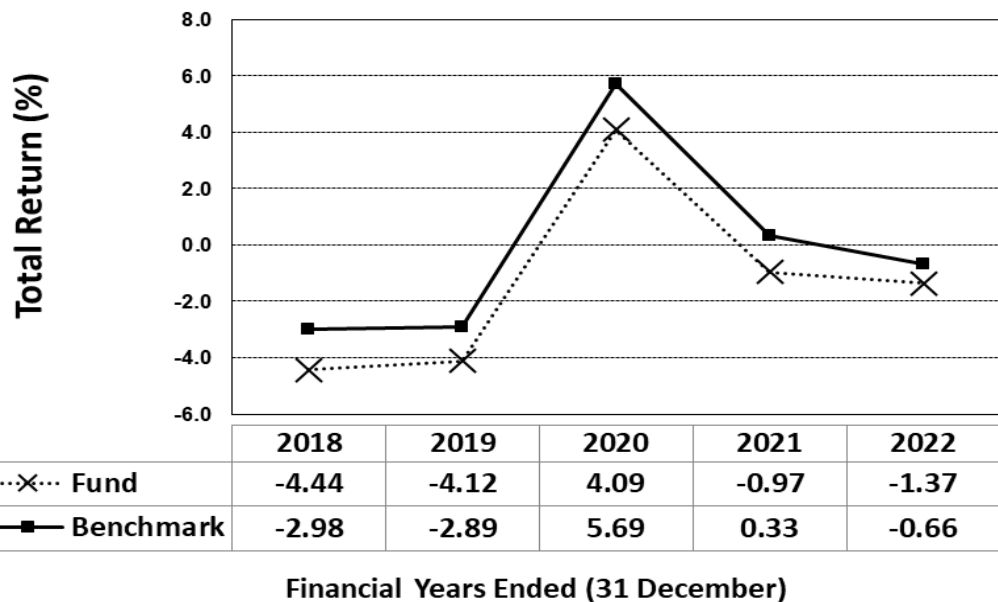
For the financial period under review, the Fund registered a negative return of 6.64% comprising of negative 7.88% capital and 1.24% income distribution.

Thus, the Fund's negative return of 6.64% has outperformed the benchmark's negative return of 7.94% by 1.30%.

As compared with the financial year ended 31 December 2022, the net asset value ("NAV") of the Fund decreased by 7.86% from RM5,221,106 to RM4,810,673. The NAV per unit of the Fund decreased by 7.86% from RM1.5613 to RM1.4386, while units in circulation remain unchanged at 3,344,000 units.

The closing price of the Fund quoted on Bursa Malaysia decreased by 6.13% from RM1.5500 to RM1.4550.

The following line chart shows comparison between the annual performances of FBM KLCI etf and its benchmark, FBM KLCI, 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. 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.

The Manager will be responsible to monitor the correlation and if, in the Manager's belief, the current portfolio is not tracking the Benchmark 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 the Units, to facilitate the liquidity provision process.

Portfolio Structure

The table below is the asset allocation of the Fund as at 30 June 2023 and 31 December 2022.

	As at 30.06.2023 %	As at 31.12.2022 %	Changes %
Consumer discretionary	4.39	4.65	-0.26
Consumer staples	13.50	13.77	-0.27
Energy	3.16	3.38	-0.22
Financials	42.53	41.76	0.77
Health care	3.84	2.75	1.09
Industrials	5.18	4.44	0.74
Information technology	-	1.51	-1.51
Materials	7.43	8.74	-1.31
Telecommunication services	10.30	9.51	0.79

		As at 30.06.2023 %	As at 31.12.2022 %	Changes %
	Utilities	8.61	8.60	0.01
	Money market deposits and cash equivalents	1.06	0.89	0.17
	Total	100.00	100.00	
	During the financial period under review, the Fund reduced weighting in Information technology, Materials, Consumer staples, Consumer discretionary, and Energy and re-deployed money into Health care, Financials, Telecommunication services and Industrials.			
Securities Lending / Repurchase Transactions	The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").			
Cross Trade	There were no cross trades undertaken during the financial period under review.			
Distribution/ unit splits	During the financial period under review, the Fund declared income distribution, detailed as follows:			
	Date of distribution	Distribution per unit RM (sen)	NAV per unit Cum-Distribution (RM)	NAV per unit Ex-Distribution (RM)
	22-Jun-23	1.93	1.4768	1.4575
	There is no unit split declared for the financial period under review.			
State of Affairs	There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial period under review.			
Rebates and Soft Commission	<p>During the period, the management company received soft commissions by virtue of transactions conducted for the Fund, in the form of research services, systems and services relating to performance measurement of portfolios and subscription fees for fund's benchmark indices. All of these assist in the investment decision making process which are of demonstrable benefit to unitholders of the Fund.</p> <p>The company has soft commission arrangement with a total of 12 brokers, who execute trades for the Fund and other funds or investments managed by the company. The soft commission received would be in the form of research services, systems and services relating to performance measurement of portfolios and/or subscription fees for fund's benchmark indices. All of these assist in the investment decision making process which are of demonstrable benefit to unitholders of the Fund and other funds or investments managed by the company.</p> <p>Soft commissions received were for the benefit of the Fund and there was no churning of trades.</p>			

Market Review	<p>For the reporting period under review, the FBMKLCI declined by 7.94%, while Dow Jones gained 3.80%. The small caps outperformed the big caps with the Bursa Small Cap index down 0.49% for the same period under review. In terms of sector performance, the Property sector outperformed other sectors, advancing +7.59%. In contrast, the Industrial production sector underperformed, down by -13.68%. The top three gainers in KLCI components stocks were Maxis (+9.15%), CelcomDigi (+4.30%) and Malayan Banking (+2.74%) and while the top losers were Petronas Chemicals Group (-28.64%), MR DIY Group (-19.91%) and Dialog(-15.39%).</p> <p>In the 1Q2023, there were talks of a MY-SG High Speed Rail revival, with MRT Corp confirming that private companies have submitted RFPs. Transport Minister Anthony Loke did say that he was open to a revival of the HSR project, on the assumption that it be private sector driven. Prime Minister (PM) Anwar and MITI minister Zafrul had both promised ‘major investment’ announcements to follow from PM Anwar’s trip to Beijing.</p> <p>The 2Q2023 saw companies reporting their earnings for 1QCY2023, in which most experienced a QoQ earnings decline given a strong 4QCY2022 earnings base. Further weakness was noted in banks, plantations, and oil & gas given the decline in commodity prices and financials following the Silicon Valley Bank fallout in 1Q2023. While YoY optics for Malaysian companies were strongly reflective of price increases for consumer companies from a year ago, margins softened QoQ. This was reflected across most sectors due to the increase in minimum wages and electricity tariffs for commercial operations. Despite earnings cuts for banks, on an absolute basis by sector float adjustment, banks remain the key driver supporting the market’s earnings base. Following the semi-annual review of the FBMKLCI index, Westports replaced Inari on 19th June, the only tech sector proxy in the index. However, the overall weighting of sectors will not change significantly. Banks will remain the heavyweight.</p> <p>In terms of news highlights in the 2Q2023, the ban on renewable energy exports was lifted in 2Q2023 in a slew of announcements on Malaysia’s renewable energy policies. At the same meeting, the government also reached a consensus on a targeted renewable energy mix of 70% by 2050, which would require an eleven-fold increase in renewable energy capacity from current capacity. With State Elections in Malaysia happening in 3Q2023, a slate of infrastructure projects were announced ahead of polling, chief amongst them the Penang LRT. The Federal government announced that it will provide additional funds to expedite the construction of the Penang Light Rail Transit project. There appears to be priority for urgent projects, such as the rapid transit system in Johor and flood mitigation. On the other hand, the MRT line 3 is now undergoing cost review, had the validity for the tenders submitted by contractors extended till September, coincidentally falling close to end of state polls.</p>
Market Outlook	<p>Questions remains on when the Federal Reserve will finally pause its hiking campaign and whether a recession can be averted. More importantly, money flows are seen moving into emerging markets recently.</p> <p>On the local front, political noises are set to increase with the impending state elections in August. Meanwhile the recently announced National Energy Transition Roadmap (NETR) boosted market sentiment by providing a clear narrative towards driving the country’s next phase of economic growth and long-term sustainability agenda. Separately all eyes will be on the upcoming 2Q results announcement in August, whether the reported results can show recovery in margins and earnings.</p> <p>The equity market is likely to remain volatile on the back of the evolving</p>

	<p>macroeconomic news whilst monitoring the upcoming state elections. The portfolio will adopt a balanced approach between value and growth and trade the price swings where possible, adding weights on price weakness for selected stocks.</p>
<p>Additional Information</p>	<p>The following information was updated:</p> <ol style="list-style-type: none"> 1. En Izad Shahadi Bin Mohd Sallehuddin, an Independent Non-Executive Director of AIFM, has resigned from the Investment Committee with effect from 30 June 2023. 2. Ms Tracy Chen Wee Keng, the Chief Executive Officer of AmInvestment Bank Berhad has been appointed as Member of the Investment Committee with effect from 30 June 2023. 3. Pn Azian Binti Kassim has been appointed as an Independent Non-Executive Director of AIFM and a member of the Fund Management Division's Audit and Risk Management Committee with effect 30 June 2023.

Kuala Lumpur, Malaysia
AmFunds Management Berhad

24 August 2023

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Note	30.06.2023 (unaudited) RM	31.12.2022 (audited) RM
ASSETS			
Investments	4	4,759,625	5,174,688
Dividend receivables		3,264	5,383
Cash at banks		139,650	93,213
TOTAL ASSETS		<u>4,902,539</u>	<u>5,273,284</u>
LIABILITIES			
Amount due to Manager	5	2,144	2,473
Amount due to Trustee	6	201	212
Amount due to Index provider	7	5,199	4,191
Distribution payables		64,539	23,408
Sundry payables and accruals		19,783	21,894
TOTAL LIABILITIES		<u>91,866</u>	<u>52,178</u>
NET ASSET VALUE (“NAV”) OF THE FUND		<u>4,810,673</u>	<u>5,221,106</u>
EQUITY			
Unit holders’ capital	9(a)	4,826,919	4,826,919
(Accumulated losses)/Retained earnings	9(b)(c)	(16,246)	394,187
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	9	<u>4,810,673</u>	<u>5,221,106</u>
UNITS IN CIRCULATION	9(a)	<u>3,344,000</u>	<u>3,344,000</u>
NAV PER UNIT (RM) – EX-DISTRIBUTION		<u>1.4386</u>	<u>1.5613</u>

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

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

STATEMENT OF COMPREHENSIVE INCOME *(Unaudited)*

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023

	Note	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
INVESTMENT LOSSES			
Dividend income		105,123	81,369
Interest income		1,265	350
Net losses from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	<u>(421,544)</u>	<u>(324,056)</u>
		<u>(315,156)</u>	<u>(242,337)</u>
EXPENDITURE			
Manager’s fee	5	(12,595)	(10,209)
Trustee’s fee	6	(1,259)	(1,021)
Licence fee	7	(1,008)	(817)
Audit fee		(2,765)	(2,765)
Tax agent’s fee		(2,480)	(2,479)
Other expenses		<u>(10,631)</u>	<u>(13,074)</u>
		<u>(30,738)</u>	<u>(30,365)</u>
Net losses before taxation		(345,894)	(272,702)
Taxation	11	-	-
Net losses after taxation, representing total comprehensive losses for the financial period		<u>(345,894)</u>	<u>(272,702)</u>
Total comprehensive losses comprises the following:			
Realised income		43,589	51,354
Unrealised losses		<u>(389,483)</u>	<u>(324,056)</u>
		<u>(345,894)</u>	<u>(272,702)</u>
Distribution for the financial period			
Net distribution	12	<u>64,539</u>	<u>100,320</u>
Gross distribution per unit (sen)	12	<u>1.93</u>	<u>3.00</u>
Net distribution per unit (sen)	12	<u>1.93</u>	<u>3.00</u>

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

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

STATEMENT OF CHANGES IN EQUITY (Unaudited)

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023

	Note	Unit holders’ capital RM	Retained earnings/ (Accumulated losses) RM	Total equity RM
At 1 January 2023		4,826,919	394,187	5,221,106
Total comprehensive loss for the financial period		-	(345,894)	(345,894)
Distribution	12	-	(64,539)	(64,539)
Balance at 30 June 2023		<u>4,826,919</u>	<u>(16,246)</u>	<u>4,810,673</u>
At 1 January 2022		3,548,424	520,624	4,069,048
Total comprehensive loss for the financial period		-	(272,702)	(272,702)
Creation of units		1,278,495	-	1,278,495
Distribution		-	(100,320)	(100,320)
Balance at 30 June 2022		<u>4,826,919</u>	<u>147,602</u>	<u>4,974,521</u>

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

FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)**STATEMENT OF CASH FLOWS (Unaudited)****FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**

	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	205,332	-
Purchase of investments	(211,813)	(1,257,466)
Dividends received	107,242	81,398
Interest received	1,265	350
Manager’s fee paid	(12,924)	(10,145)
Trustee’s fee paid	(1,270)	(1,015)
Tax agent’s fee paid	-	(5,000)
Payments for other expenses	(17,987)	(17,633)
Net cash generated from/(used in) operating and investing activities	<u>69,845</u>	<u>(1,209,511)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	-	1,278,495
Distributions paid	(23,408)	(60,192)
Net cash (used in)/generated from financing activities	<u>(23,408)</u>	<u>1,218,303</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	46,437	8,792
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	93,213	83,758
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>139,650</u>	<u>92,550</u>
Cash and cash equivalents comprise:		
Cash at banks	<u>139,650</u>	<u>92,550</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023

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 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 2023.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Standards effective during the financial period

The adoption of the following MFRS which became effective during the financial period did not have any material financial impact to the financial statements:

Description	Effective for financial periods beginning on or after
MFRS 17 <i>Insurance Contracts and Amendments to MFRS 17*</i>	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contracts</i>)*	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current</i>	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements: Disclosure of Accounting Policies</i>	1 January 2023

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**

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

Standards effective during the financial period (cont’d.)

The adoption of the following MFRS which became effective during the financial period did not have any material financial impact to the financial statements: (cont’d.)

Description	Effective for financial periods beginning on or after
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

Standards issued but not yet effective

The standards and amendments to standards that have been issued but not yet effective up to the date of issuance of the Fund’s financial statements are disclosed below. The Fund intends to adopt these new pronouncements, if applicable, when they become effective:

Description	Effective for financial periods beginning on or after
Amendments to MFRS 16 <i>Leases: Lease Liability in a Sale and Leaseback*</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements: Non-Current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 <i>Statement of Cash Flows</i> and MFRS 7 <i>Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024
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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**

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

3.1 Income recognition (cont'd.)

(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.

3.2 Income tax

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

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

3.3 Functional and presentation currency

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

3.4 Statement of cash flows

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**

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

3.5 Distribution

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

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”).

(i) In-Kind Creation

In order for the new units to be created, Participating Dealer (“PD”) will apply to the Manager for the issue of units on a Dealing Day by generally tendering the In-Kind Creation Basket which comprise of Creation Securities and the Cash Component (if any).

(ii) In-Kind Redemption

Following receipt of Redemption Application from a holder through a PD on each Dealing Day, the Manager may determine the In-Kind Redemption Basket by Redemption Securities and payment in cash of the Cash Component (if any).

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**

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

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

(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 at FVTPL. Dividends earned whilst holding the investments are recognised in profit or loss when the right to receive the payment has been established. Gains and losses on the investments, realised and unrealised, are included in profit or loss.

3.9 Financial assets under MFRS 9

(i) Classification and measurement

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

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

Financial assets at amortised cost

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**

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

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

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

The Fund may classify its financial assets under the following categories: (cont'd.)

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

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 holders. 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 2023 TO 30 JUNE 2023**

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 the ECL associated with its financial assets at amortised cost using simplified approach. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. 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 2023 TO 30 JUNE 2023**

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

3.13 Determination of fair value

For investments in quoted equity 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 the 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 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023

4. INVESTMENTS

	30.06.2023 RM	31.12.2022 RM
Financial assets at FVTPL		
Quoted equity securities	4,759,625	5,174,688

Details of investments as at 30 June 2023 are as follows:

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
Quoted equity securities				
Consumer discretionary				
Genting Berhad	23,000	93,380	148,243	1.94
Genting Malaysia Berhad	29,900	73,554	87,770	1.53
Mr D.I.Y. Group (M) Berhad	27,900	44,361	56,546	0.92
	<u>80,800</u>	<u>211,295</u>	<u>292,559</u>	<u>4.39</u>
Consumer staples				
IOI Corporation Berhad	26,185	97,670	127,181	2.03
Kuala Lumpur Kepong Berhad	5,800	127,368	119,550	2.65
Nestle (Malaysia) Berhad	700	91,700	90,508	1.91
PPB Group Berhad	7,120	112,069	105,657	2.33
QL Resources Berhad	11,500	61,640	64,515	1.28
Sime Darby Plantation Berhad	38,289	158,899	187,867	3.30
	<u>89,594</u>	<u>649,346</u>	<u>695,278</u>	<u>13.50</u>
Energy				
Dialog Group Berhad	43,600	89,816	139,205	1.87
PETRONAS Dagangan Berhad	2,800	62,160	49,558	1.29
	<u>46,400</u>	<u>151,976</u>	<u>188,763</u>	<u>3.16</u>
Financials				
AMMB Holdings Berhad*	23,500	85,070	97,715	1.77
CIMB Group Holdings Berhad	84,610	428,127	457,915	8.90
Hong Leong Bank Berhad	7,012	132,947	101,374	2.76
Hong Leong Financial Group Berhad	2,390	42,207	35,704	0.88
Malayan Banking Berhad	78,731	679,449	645,886	14.12
Public Bank Berhad	151,550	583,467	464,386	12.13
RHB Bank Berhad	17,411	94,542	91,601	1.97
	<u>365,204</u>	<u>2,045,809</u>	<u>1,894,581</u>	<u>42.53</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023

4. INVESTMENTS (CONT'D.)

Details of investments as at 30 June 2023 are as follows: (cont'd.)

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
Quoted equity securities (cont'd.)				
Health care				
IHH Healthcare Berhad	31,400	184,946	152,220	3.84
Industrials				
MISC Berhad	18,400	131,744	112,987	2.74
Sime Darby Berhad	37,689	77,263	76,400	1.60
Westports Holdings Berhad	11,100	40,404	40,182	0.84
	67,189	249,411	229,569	5.18
Materials				
PETRONAS Chemicals Group Berhad	30,200	181,200	209,119	3.77
Press Metal Aluminium Holdings Berhad	37,500	176,250	116,616	3.66
	67,700	357,450	325,735	7.43
Telecommunication services				
Axiata Group Berhad	49,500	131,175	174,932	2.73
CelcomDigi Berhad (formerly known as Digi.Com Berhad)	41,900	172,209	137,955	3.58
Maxis Berhad	21,300	87,330	115,351	1.82
Telekom Malaysia Berhad	21,300	104,583	93,874	2.17
	134,000	495,297	522,112	10.30
Utilities				
PETRONAS Gas Berhad	6,100	101,870	87,785	2.12
Tenaga Nasional Berhad	34,500	312,225	311,751	6.49
	40,600	414,095	399,536	8.61
Total financial assets at FVTPL	922,887	4,759,625	4,700,353	98.94
Excess of fair value over purchased cost		59,272		

* Ultimate holding company of the Manager.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**

5. AMOUNT DUE TO MANAGER

	Note	30.06.2023 RM	31.12.2022 RM
Due to Manager			
Manager’s fee payable	(i)	<u>2,144</u>	<u>2,473</u>

(i) Manager’s fee is at a rate of 0.50% (31.12.2022: 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

Trustee’s fee is at a rate of 0.05% (31.12.2022: 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

License fee rate is at 0.04% (31.12.2022: 0.04%) per annum on the NAV of the Fund, calculated on a daily basis.

8. NET LOSSES FROM INVESTMENTS

	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
Net losses on financial assets at FVTPL comprised:		
- Net realised loss on sale of investments	(32,061)	-
- Net unrealised losses on changes in fair value of investments	<u>(389,483)</u>	<u>(324,056)</u>
	<u>(421,544)</u>	<u>(324,056)</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023

9. TOTAL EQUITY

Total equity is represented by:

	Note	30.06.2023 RM	31.12.2022 RM
Unit holders’ capital	(a)	4,826,919	4,826,919
(Accumulated losses)/Retained earnings			
- Realised losses	(b)	(75,518)	(54,568)
- Unrealised gains	(c)	59,272	448,755
		<u>4,810,673</u>	<u>5,221,106</u>

(a) Unit holders’ capital/units in circulation

	30.06.2023		31.12.2022	
	Number of units	RM	Number of units	RM
At beginning of the financial period/year	3,344,000	4,826,919	2,508,000	3,548,424
Creation during the financial period/year	-	-	836,000	1,278,495
At end of the financial period/year	<u>3,344,000</u>	<u>4,826,919</u>	<u>3,344,000</u>	<u>4,826,919</u>

(b) Realised

	30.06.2023 RM	31.12.2022 RM
At beginning of the financial period/year	(54,568)	186,013
Net realised income/(loss) for the financial period/year	43,589	(116,853)
Distribution out of realised income	(64,539)	(123,728)
At end of the financial period/year	<u>(75,518)</u>	<u>(54,568)</u>

(c) Unrealised – non-distributable

	30.06.2023 RM	31.12.2022 RM
At beginning of the financial period/year	448,755	334,611
Net unrealised (loss)/gain for the financial period/year	(389,483)	114,144
At end of the financial period/year	<u>59,272</u>	<u>448,755</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**

10. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

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

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

	30.06.2023		31.12.2022	
	Number of units	RM	Number of units	RM
AmInvestment Bank Berhad*	<u>526,976</u>	<u>766,750[^]</u>	<u>910,776</u>	<u>1,411,703[^]</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 2023 and 31 December 2022.

[^] Closing quoted price published on Bursa Malaysia Berhad as at 30 June 2023 is RM1.4550 (31.12.2022: RM1.5500).

Other than those disclosed elsewhere in the financial statements, the significant related party balances as at reporting date is as follows:

	30.06.2023	31.12.2022
	RM	RM
(i) Significant related party balances		
<u>AmBank (M) Berhad</u>		
Cash at banks	<u>3,389</u>	<u>1,412</u>

11. TAXATION

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**

11. TAXATION (CONT'D.)

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

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
	RM	RM
Net losses before taxation	<u>(345,894)</u>	<u>(272,702)</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	(83,015)	(65,448)
Tax effects of:		
Income not subject to tax	(25,533)	(19,613)
Loss not allowed for tax deduction	101,171	77,773
Restriction on tax deductible expenses for exchange traded funds	3,318	2,802
Non-permitted expenses for tax purposes	3,691	4,174
Permitted expenses not used and not available for future financial periods	<u>368</u>	<u>312</u>
Tax expense for the financial periods	<u>-</u>	<u>-</u>

12. DISTRIBUTION

Distribution to unit holders for the financial periods are from the following sources:

	01.01.2023 to 30.06.2023	01.01.2022 to 30.06.2022
	RM	RM
Dividend income	73,062	81,369
Interest income	<u>1,265</u>	<u>350</u>
	74,327	81,719
Less: Expenses	<u>(30,738)</u>	<u>(30,365)</u>
Realised income for the financial period	43,589	51,354
Previous year’s undistributed realised (loss)/income	<u>(54,568)</u>	<u>186,013</u>
Total realised (loss)/income available for distribution	<u>(10,979)</u>	<u>237,367</u>
Less : Declared income distribution	<u>(64,539)</u>	<u>(100,320)</u>
Balance undistributed realised (loss)/income	<u>(75,518)</u>	<u>137,047</u>
Gross distribution per unit (sen)	<u>1.93</u>	<u>3.00</u>
Net distribution per unit (sen)	<u>1.93</u>	<u>3.00</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
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12. DISTRIBUTION (CONT'D.)

	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
Cum-Distribution - 22 June 2023/24 June 2022		
NAV	4,938,387	5,048,107
NAV per unit	<u>1.4768</u>	<u>1.5096</u>
Ex-Distribution - 22 June 2023/24 June 2022		
NAV	4,873,848	4,947,787
NAV per unit	<u>1.4575</u>	<u>1.4796</u>

Details of distribution to unit holders for the financial periods are as follows:

Financial period ended 30 June 2023

Distribution Ex-date	Gross distribution per unit RM (sen)	Net distribution per unit RM (sen)	Total distribution RM
22 June 2023	<u>1.93</u>	<u>1.93</u>	<u>64,539</u>

Financial period ended 30 June 2022

Distribution Ex-date	Gross distribution per unit RM (sen)	Net distribution per unit RM (sen)	Total distribution RM
24 June 2022	<u>3.00</u>	<u>3.00</u>	<u>100,320</u>

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

The above distribution has been proposed before taking into account the net unrealised loss of RM389,483 (30.06.2022: RM324,056) arising during the financial period which is carried forward to next financial period.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023

13. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	01.01.2023 to 30.06.2023 % p.a.	01.01.2022 to 30.06.2022 % p.a.
Manager’s fee	0.25	0.25
Trustee’s fee	0.02	0.02
Licence fee	0.02	0.02
Fund’s other expenses	0.27	0.30
Total TER	<u>0.56</u>	<u>0.59</u>

The TER of the Fund is the ratio of the sum of actual (01.01.2022 to 30.06.2022: 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 (01.01.2022 to 30.06.2022: 0.15 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 2023 TO 30 JUNE 2023

16. TRANSACTIONS WITH THE BROKERS AND FINANCIAL INSTITUTIONS

Details of transactions with the brokers and financial institutions for the financial period ended 30 June 2023 are as follows:

Brokers/Financial institutions	Transaction value		Brokerage fee, stamp duty and clearing fee	
	RM	%	RM	%
AmlInvestment Bank Berhad*	185,715	44.52	1,007	39.20
Maybank Investment Bank Berhad	164,880	39.52	858	33.41
CGS-CIMB Securities Sdn. Bhd.	58,305	13.98	647	25.21
CIMB Group Holdings Berhad	8,244	1.98	56	2.18
Total	<u>417,144</u>	<u>100.00</u>	<u>2,568</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 are 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
30.06.2023				
Assets				
Investments	4,759,625	-	-	4,759,625
Dividend receivables	-	3,264	-	3,264
Cash at banks	-	139,650	-	139,650
Total financial assets	<u>4,759,625</u>	<u>142,914</u>	<u>-</u>	<u>4,902,539</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023

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
30.06.2023 (cont'd.)				
Liabilities				
Amount due to Manager	-	-	2,144	2,144
Amount due to Trustee	-	-	201	201
Amount due to Index provider	-	-	5,199	5,199
Distribution payables	-	-	64,539	64,539
Total financial liabilities	-	-	72,083	72,083
31.12.2022				
Assets				
Investments	5,174,688	-	-	5,174,688
Dividend receivables	-	5,383	-	5,383
Cash at banks	-	93,213	-	93,213
Total financial assets	5,174,688	98,596	-	5,273,284
Liabilities				
Amount due to Manager	-	-	2,473	2,473
Amount due to Trustee	-	-	212	212
Amount due to Index provider	-	-	4,191	4,191
Distribution payables	-	-	23,408	23,408
Total financial liabilities	-	-	30,284	30,284
Income, expenses, gains and losses				
01.01.2023 to 30.06.2023				
01.01.2022 to 30.06.2022				
RM RM				
Net losses from financial assets at FVTPL			(421,544)	(324,056)
Income, of which derived from:				
– Gross dividend income from financial assets at FVTPL			105,123	81,369
– Interest income from financial assets at amortised cost			1,265	350

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**

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 value 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 (Note 4)	Level 2 RM	Level 3 RM	Total RM
30.06.2023				
Financial assets at FVTPL	4,759,625	-	-	4,759,625
31.12.2022				
Financial assets at FVTPL	5,174,688	-	-	5,174,688

(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value due to their short period to maturity or short credit period:

- Dividend receivables
- Cash at banks
- Amount due to Manager
- Amount due to Trustee
- Amount due to Index provider
- Distribution payables

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**

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 Malaysia’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.

The Fund’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	
	30.06.2023	31.12.2022
	RM	RM
-5.00%	(237,981)	(258,734)
+5.00%	237,981	258,734

(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 dividends receivables. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**

18. 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.

(d) Single issuer risk

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

(e) Regulatory risk

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

(f) Management risk

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

(g) Non-compliance risk

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**

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 period/year ended 30 June 2023 and 31 December 2022.

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

STATEMENT BY THE MANAGER

I, Goh Wee Peng, being the Director of and on behalf of the Board of Directors of AmFunds Management Berhad (“the Manager”), do hereby state that in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards 134: *Interim Financial Reporting* (“MFRS 134”) 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 2023 and the comprehensive income, the changes in equity and cash flows for the financial period then ended.

For and on behalf of the Manager

GOH WEE PENG

Executive Director

Kuala Lumpur, Malaysia

24 August 2023

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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.)*

