



ANNUAL REPORT

29 February 2024

AHAM Aiiman Income Fund

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

TRUSTEE
Deutsche Trustees Malaysia Berhad
(763590-H)

Built On Trust

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AHAM AIIMAN INCOME FUND

Annual Report and Audited Financial Statements For the Financial Period 16 March 2023 (Date of Launch) - 29 February 2024

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FUND INFORMATION

Fund Name	AHAM Aiman Income Fund
Fund Type	Income
Fund Category	Fixed Income (Shariah-compliant Wholesale)
Investment Objective	The Fund aims to provide investors with a steady income stream by investing in Sukuk, Islamic money market instruments and/or Islamic deposits.
Benchmark	Maybank 1-month General Investment Account (GIA-i) rate.
Distribution Policy	<p>Subject to the availability of income, the Fund will make distribution on a monthly basis. However, the amount of income available for distribution may fluctuate from month to month.</p> <p>At our discretion, the Fund may distribute (1) realised income, (2) realised capital gains, (3) unrealised income, (4) unrealised capital gains, or (5) a combination of any of the above.</p>

FUND PERFORMANCE DATA

Category	As at 29 Feb 2024 (%)
Portfolio composition	
- Unquoted Sukuk	36.71
- Shariah-based deposits	63.29
Cash and cash equivalent	0.00
Total	100.00
Total NAV (RM'million)	791.459
NAV per Unit (RM)	1.0003
Unit in Circulation (million)	791.183
Highest NAV	1.0000
Lowest NAV	1.0000
Return of the Fund (%) ¹	3.05
- Capital Growth (%)	0.00
- Income Distribution (%)	3.02
Gross Distribution per Unit (sen)	3.30
Net Distribution per Unit (sen)	3.30
Total Expense Ratio (%)	0.27
Portfolio Turnover Ratio (times)	2.20

Basis of calculation and assumption made in calculating the returns:-

The performance figures are a comparison of the growth/decline in Net Asset Value ("NAV") for the stipulated period taking into account all the distribution payable (if any) during the stipulated period.

An illustration of the above would be as follow:-

Capital return	= NAV per Unit end / NAV per Unit begin – 1
Income return	= Income distribution per Unit / NAV per Unit ex-date
Total return	= (1+Capital return) x (1+Income return) – 1

¹ Fund performance since investment date of the Fund, 3 April 2023.

Income Distribution / Unit Split

The Net Asset Value per unit prior and subsequent to the distribution was as follows:-

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
30-Mar-23	31-Mar-23	1.0000	0.0001	1.0000
29-Apr-23	30-Apr-23	1.0000	0.0025	1.0000
30-May-23	31-May-23	1.0000	0.0027	1.0000
29-Jun-23	30-Jun-23	1.0000	0.0027	1.0000
30-Jul-23	31-Jul-23	1.0000	0.0027	1.0000
30-Aug-23	31-Aug-23	1.0000	0.0027	1.0000
29-Sep-23	30-Sep-23	1.0000	0.0026	1.0000
30-Oct-23	31-Oct-23	1.0000	0.0027	1.0000
29-Nov-23	30-Nov-23	1.0000	0.0028	1.0000
30-Dec-23	31-Dec-23	1.0000	0.0030	1.0000
30-Jan-24	31-Jan-24	1.0000	0.0029	1.0000
28-Feb-24	29-Feb-24	1.0000	0.0028	1.0000

No unit split was declared for the financial period ended 29 February 2024.

Income Distribution Breakdown

Class	Ex-Date	Income (per unit) (sens / cents)	Income (%)	Capital (per unit) (sens / cents)	Capital (%)
MYR	31-Mar-23	0.01265	100.00	0.0000	0.00
MYR	30-Apr-23	0.24010	95.59	0.0111	4.41
MYR	31-May-23	0.25674	95.25	0.0128	4.75
MYR	30-Jun-23	0.23950	88.24	0.0319	11.76
MYR	31-Jul-23	0.23865	89.25	0.0288	10.75
MYR	31-Aug-23	0.23895	88.15	0.0321	11.85
MYR	30-Sep-23	0.24278	92.37	0.0201	7.63
MYR	31-Oct-23	0.26058	98.10	0.0051	1.90
MYR	30-Nov-23	0.26621	94.82	0.0145	5.18
MYR	31-Dec-23	0.28413	95.59	0.0131	4.41
MYR	31-Jan-24	0.27888	95.23	0.0140	4.77
MYR	29-Feb-24	0.26405	96.00	0.0110	4.00

Fund Performance

Table 1: Performance of the Fund

	Since Commencement (3/4/23 - 29/2/24)
Fund	3.05%
Benchmark	1.90%
Outperformance	1.15%

Source of Benchmark: Maybank

Table 2: Average Total Return

	Since Commencement (3/4/23 - 29/2/24)
Fund	3.05%
Benchmark	1.90%
Outperformance	1.15%

Source of Benchmark: Maybank

Table 3: Annual Total Return

	FYE 2024 (3/4/23 - 29/2/24)
Fund	3.05%
Benchmark	1.90%
Outperformance	1.15%

Source of Benchmark: Maybank

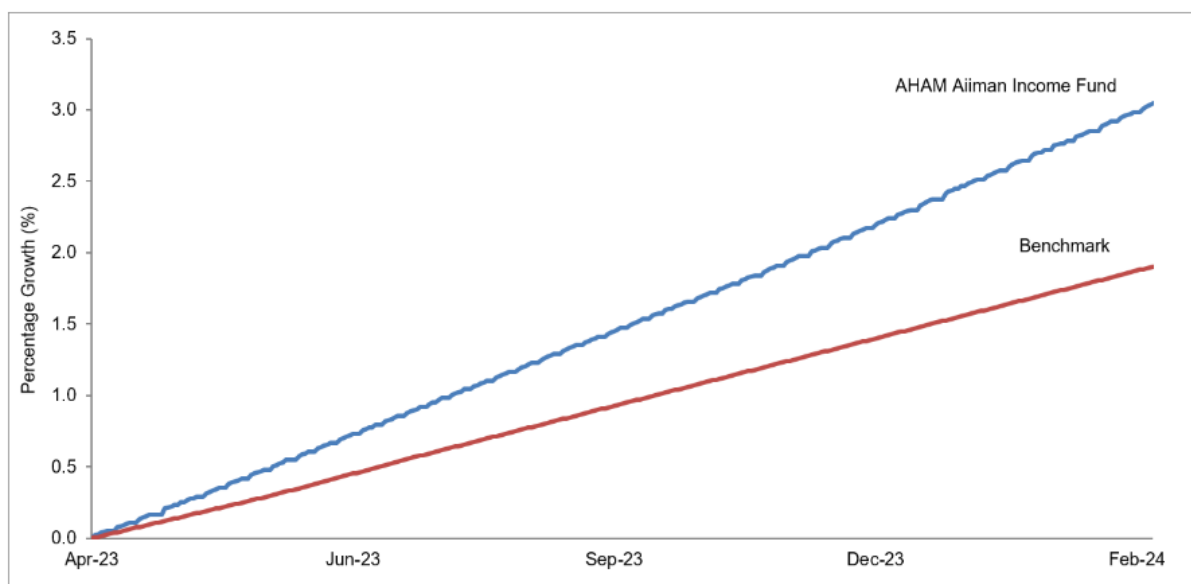
Past performance is not necessarily indicative of future performance and that Unit prices and investment returns may go down, as well as up.

MANAGER'S REPORT

Performance Review (3 April 2023 to 29 February 2024)

For the period 3 April 2023 to 29 February 2024 the Fund registered a 3.05% return compared to the benchmark return of 1.90%. The Fund thus outperformed the Benchmark by 1.15%. The Net Asset Value (NAV) per unit of the Fund is maintained at RM1.00 throughout the period. The Fund declared a total income distribution of RM0.03 per unit for the period.

Figure 1: Movement of the Fund versus the Benchmark since commencement.



"This information is prepared by AHAM Asset Management Berhad for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up. Source of Benchmark is from Maybank."
 Benchmark: Maybank 1-month General Investment Account (GIA-i) rate

Asset Allocation

For a snapshot of the Fund's asset mix during the period under review, please refer to Fund Performance Data.

As at 29 February 2024, the Fund's holdings consisted of mainly Shariah based deposits (63.29%) and the remaining in Sukuk (36.71%).

Strategy Employed

Over the financial period under review, the Fund maintains its objective of aiming to provide investors with a steady income stream by investing in Sukuk, Islamic money market instruments and/or Islamic deposits. To achieve the objective, the Manager actively managed the Fund's asset allocation, duration and yield curve, taking into consideration the fundamentals of the Malaysian economic and interest rate outlook, and valuation of the underlying sukuk.

Market Review

To provide a comprehensive global review, over the financial period under review on a total return basis, the Standard and Poor's ("S&P") 500 Index returned 30.34% with the Morgan Stanley Capital International ("MSCI") World index lagging slightly at 25.63%. Specific to the Asian region, MSCI AC Asia ex Japan Index saw a relatively weaker return of -2.69% while locally, the Financial Times Stock Exchange ("FTSE") Bursa Malaysia Kuala Lumpur Composite Index ("KLCI") fared better at 10.95% in Ringgit terms. Within bond markets, Bloomberg Barclays Global Aggregate Index gained 3.03% while domestically, the bond markets' benchmark 10-year Malaysian Government Securities ("MGS") yield closed at 3.86%.

The United States ("U.S.") Federal Reserve ("Fed") conducts monetary policy by setting a target range for the federal funds rate, which does not directly affect firms and household in the economy. Instead, monetary policy effect cascades to the broader economy by affecting financial conditions including the longer-term interest rates and the exchange value of the dollar. Analysts posit that the Fed's actions of supporting the U.S. economy during the peak of the coronavirus crisis by initiating large purchases of U.S. government and mortgage-backed securities, lending to support household and employers could have been overdone and led to the unwelcome surge in increased inflationary pressures. The Fed has been engaging in a tightening monetary policy stance throughout 2023 to address said inflationary pressures, only relenting towards the end of 2023 when signs of tighter policy was slowing down the economy. Unprecedented global events that unfolded in 2023 also contributed to the Fed's challenge in reigning in inflation rates.

One of the most significant events of 2023 was the eruption of the Israel-Palestinian conflict in October, which led to a sharp depreciation of the Israeli shekel. Gold, viewed as a safe-haven asset surged significantly in the short term and investors' bullish sentiment towards oil also intensified from concern over a disruption to oil supplies in the Middle East, a major oil-producing region. The strained banking sector in U.S. triggered by the collapse of Silicon Valley Bank ("SVB") weighed heavily on investors sentiments. With an abundant of deposits over loans, SVB had placed them into available-for-sale and held-to-maturity securities like Treasuries and mortgage-backed securities when yields were at all-time lows. However, as interest rates began to rise rapidly, it recorded massive outflows in deposits alongside the rest of the banking sector. SVB sold substantially all of its available-for-sale securities to accommodate the outflows, incurring a massive loss which eventually led to a bank run. Smaller U.S. banks were caught also caught in the turmoil as concerns spread.

Global financial markets confounded gloomy expectations in 2023. Despite a lacklustre start to the year, even prolonging to the second half of 2023, the stock market eventually rallied, bonds reversed heavy losses made early in the year as recession fears were replaced by increasing confidence that an economic soft landing would be achieved. The rally began in November as Fed chair, Jerome Powell fanned hopes that borrowing costs had peaked. Entering 2024, U.S. equities started the year on a strong note to the surprise of investors, underpinned by robust economic indicators that fortified the case for a soft landing. The gains were also supported by good corporate earnings, including from the top technology names of the market.

Asia ex Japan equities experienced a mix of ups and downs over the financial period, reflecting the volatile nature of the global market landscape. The year commenced with a negative performance in the second quarter of 2023, marked by declines in Chinese equities as the country's economic rebound post pandemic

began to slow. Despite this, markets in India, South Korea, and Taiwan saw gains, fueled by factors such as foreign inflows and investor enthusiasm for AI related stocks. The challenges persisted through to the second half of 2023 with concerns over the Chinese economy and global economic growth weighing on investor sentiment across the region. Chinese stocks faced sharp declines amid doubts about government stimulus measures, while markets in Hong Kong, Taiwan, and South Korea also witnessed significant downturns. However, as hopes of stable U.S. interest rates renewed investor appetite for risk assets the outlook improved in the fourth quarter. While Chinese stocks continued to struggle, markets in Taiwan, South Korea, and India saw robust growth, driven by factors such as technology stocks and chipmakers. Other markets in the region also achieved positive growth, albeit more modestly. Markets saw positive momentum carried into the first quarter of 2024, with Asia ex Japan equities achieving modest gains. Despite ongoing concerns, particularly regarding China's economic outlook and geopolitical tensions, markets in Taiwan, India, and the Philippines performed strongly. However, challenges persisted in markets such as Hong Kong, Thailand, and China, where share prices ended the quarter in negative territory.

Within Malaysia, several policy announcements made by the government in July 2023 caught the attention of investors as markets started to gain. These positive sentiments lifted foreign investors' confidence as they poured into local equities. They include the Ekonomi Madani Plan which outlined several key economic targets, Part 1 of the National Energy Transition Roadmap ("NETR") which intends to achieve 70% renewable energy capacity mix by 2050 and Part 2 of the NETR as well as the New Industrial Masterplan. The unveiling of Budget 2024 in October 2023 also helped shed light on the government's policies and laid down the groundwork for the government's path to fiscal consolidation. According to the Budget, the government aims to narrow the fiscal deficit from 5.0% to 4.3% in 2024 in line with its broader policy objective to bring it down to 3.10% by 2026. Towards the end of the financial period, the benchmark KLCI surged with Johor-focused names taking the spotlight following the installation of the new Yang Di-Pertuan Agong. However, the small cap space saw more measured gains of 2.30%.

The bond market experienced dynamic shifts, influenced by factors such as inflation concerns, central bank policies, and global economic conditions. The second quarter of 2023 witnessed a decline in market volatility, accompanied by a rise in government bond yields, albeit with some divergence among countries. The United Kingdom ("UK") and Australia underperformed due to higher-than-expected inflation, leading to more aggressive actions by central banks to combat inflation. The Fed paused its consecutive rate increases after more than a year, marking a notable shift in monetary policy. Corporate balance sheets remained relatively strong, despite an uptick in default rates, and global high yield outperformed investment grade bonds. At the start of second half of 2023, the U.S. economy displayed resilience, with signs of improvement in the manufacturing sector and a relatively robust labor market. However, concerns over rising U.S. debt issuance and a downgrade in the U.S. credit rating by Fitch Ratings weighed on the Treasury market. Despite a significant rise in oil prices, inflationary pressures eased in most economies, allowing major central banks to signal a pause in further rate hikes. The last quarter of 2023 was marked by a perceived shift in monetary policy direction, with central banks adopting a more dovish tone. This led to a rally in government bond markets, with yields falling sharply and credit markets outperforming government bonds. Despite a slowing growth outlook, corporate bonds staged an impressive rally on hopes of averting a deep recession. The first quarter of 2024 saw a significant shift in inflation and interest rate expectations, with markets initially anticipating faster central bank action to lower rates. However, expectations were scaled back, with central banks proceeding with caution and avoiding premature declarations of victory over inflation. Global economic activity showed signs of improvement, particularly in the U.S., eurozone, and China, although inflation remained a central concern.

Investment Outlook

Concerns over sticky inflation and resilient U.S. economic data have gradually increased, leading to a 'higher for longer' narrative regarding the U.S. FFR. Nevertheless, the market still factors in three interest rate cuts, with a higher possibility of them occurring in June 2024. Hence, with developed markets approaching the peak cycle, risk appetite is expected to return to the Emerging Market space.

We maintain our positive outlook for fixed income asset class in 2024, as global growth is expected to moderate due to restrictive monetary policies and rising geopolitical tension. We expect volatility to persist, but at a tighter range compared to 2023. Inflation expectations have peaked, but inflationary environment may persist due to elevated commodity prices. The second half of 2024 may present higher noise as political uncertainties increase on the back of large number of elections especially the U.S. Presidential election in November 2024.

Domestically, moderating growth and contained inflation continued to be supportive of the fixed income market. A lower government bond supply profile in 2024 due to fiscal consolidation is also a positive factor to the market. Domestic liquidity is ample with demand from duration coming from pension funds and lifers. Headline inflation may face upward pressure as the proposed targeted subsidies mechanism being implemented this year.

Nonetheless, external pressure in the form of widening interest differential and ensuing Ringgit weakness could keep short-end rates elevated.

State of Affairs of the Fund

There is neither any significant change to the state affairs of the Fund nor any circumstances that materially affect any interests of the unit holders during the period under review.

Soft Commissions received from Brokers

Soft commissions received from brokers/dealers may be retained by the management company only if the:–

- (i) goods and services provided are of demonstrable benefit to Unit holders of the Fund; and
- (ii) goods and services are in the form of research and advisory services that assists in the decision making process.

During the financial period under review, the no soft commission was received by the Manager on behalf of the Fund.

Cross Trade

No cross trade transactions have been carried out during the reported period.

Securities Financing Transactions

The Fund has not undertaken any securities lending or repurchase transactions during the financial period under review.

Changes Made to the Fund's Information Memorandum

A Supplemental Information Memorandum was issued with effective date 28 February 2024 to reflect several changes that includes, but are not limited to, those outlined below:

- (i) disclose the designated fund manager of the Fund and custodial arrangements of the Fund;
- (ii) update the definition and eligibility of a Sophisticated Investor;
- (iii) update the reclassification of Shariah status risk; and
- (iv) other updates which are general in nature.

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AHAM AIFMAN INCOME FUND ("FUND")

We have acted as the Trustee of the Fund for the financial period ended 29 February 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AHAM Asset Management Berhad has operated and managed the Fund during the year covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the Management Company under the Deed, securities laws and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;
2. Valuation and pricing is carried out in accordance with the Deed; and
3. Any creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirement.

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Fund Operations

Kuala Lumpur
26 April 2024

Sylvia Beh
Chief Executive Officer

SHARIAH ADVISER'S REPORT

TO THE UNIT HOLDERS OF AHAM AIIMAN INCOME FUND (“Fund”)

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, AHAM Asset Management Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the Shariah principles and requirements and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters: and
2. The assets of the Fund comprise instruments that have been classified as Shariah-compliant.

For Amanie Advisors Sdn Bhd

Tan Sri Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur
26 April 2024

AHAM AIIMAN INCOME FUND

FINANCIAL STATEMENTS

**FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH)
TO 29 FEBRUARY 2024**

AHAM AIIMAN INCOME FUND

FINANCIAL STATEMENTS

**FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH)
TO 29 FEBRUARY 2024**

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AHAM AIIMAN INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024

	<u>Note</u>	Financial period from 16.3.2023 (date of launch) to <u>29.2.2024</u> RM
INVESTMENT INCOME		
Profit income from financial assets at fair value through profit or loss		9,553,112
Net gain on financial assets at fair value through profit or loss	9	63,666
		<hr/> 9,616,778 <hr/>
EXPENSES		
Management fee	4	(579,714)
Trustee fee	5	(77,145)
Fund accounting fee	6	(10,516)
Auditor's remuneration		(8,000)
Tax agent's fee		(3,500)
Other expenses		(7,363)
		<hr/> (686,238) <hr/>
NET PROFIT BEFORE TAXATION		8,930,540
Taxation	7	-
		<hr/> - <hr/>
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<hr/> 8,930,540 <hr/> <hr/>
Net profit after taxation is made up of the following:		
Realised amount		8,747,752
Unrealised amount		182,788
		<hr/> 8,930,540 <hr/> <hr/>

The accompanying material accounting policies information and notes to the financial statements form an integral part of these financial statements.

AHAM AIIMAN INCOME FUND

STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2024

	<u>Note</u>	<u>29.2.2024</u> RM
ASSETS		
Cash and cash equivalents		11,140
Financial assets at fair value through profit or loss	9	863,709,699
TOTAL ASSETS		<u>863,720,839</u>
LIABILITIES		
Amount due to dealer		70,307,496
Amount due to Manager		
- management fee		71,949
Amount due to Trustee		15,963
Fund accounting fee		1,000
Auditors' remuneration		8,000
Tax agent's fee		3,500
Other payables and accruals		1,654
Distribution payable		1,852,710
TOTAL LIABILITIES		<u>72,262,272</u>
NET ASSET VALUE OF THE FUND		<u>791,458,567</u>
EQUITY		
Unitholders' capital		791,183,000
Retained earnings		275,567
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>791,458,567</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>791,183,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0003</u>

The accompanying material accounting policies information and notes to the financial statements form an integral part of these financial statements.

AHAM AIIMAN INCOME FUND

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 16 March 2023 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	8,930,540	8,930,540
Distribution (Note 8)	-	(8,654,973)	(8,654,973)
Movement in unitholders' capital:			
Creation of units arising from applications	913,375,107	-	913,375,107
Creation of units arising from distributions	6,802,262	-	6,802,262
Cancellation of units	(128,994,369)	-	(128,994,369)
Balance as at 29 February 2024	<u>791,183,000</u>	<u>275,567</u>	<u>791,458,567</u>

The accompanying material accounting policies information and notes to the financial statements form an integral part of these financial statements.

AHAM AIIMAN INCOME FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024

	Financial period from 16.3.2023 (date of launch) to <u>29.2.2024</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from sale and redemption of unquoted sukuk	445,225,833
Purchase of unquoted sukuk	(663,434,681)
Profit income from short-term Shariah-based deposits and unquoted sukuk	3,552,070
Management fee paid	(507,765)
Trustee fee paid	(61,182)
Fund accounting fee paid	(9,516)
Payments for other fees and expenses	(5,710)
	<hr/>
Net cash flows used in operating activities	(215,240,951)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from creation of units	913,375,107
Payments for cancellation of units	(128,994,369)
	<hr/>
Net cash flows generated from/(used in) financing activities	784,380,738
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	569,139,787
CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	569,139,787 <hr/> <hr/>

Cash and cash equivalents as at 29 February 2024 comprise of bank balances.

The accompanying material accounting policies information and notes to the financial statements form an integral part of these financial statements.

AHAM AIIMAN INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial period. It also requires the Manager to exercise their judgement in the process of applying the Fund’s accounting policies. Although these estimates and judgement are based on the Manager’s best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note I.

- (a) Standards, amendments to published standards and interpretations that are applicable and effective:

There are no standards, amendments to standards or interpretations that are applicable and effective for annual periods beginning on 1 January 2023 that have a material effect on the financial statements of the Fund.

- (b) Standards and amendments that have been issued that are applicable to the Fund but not yet effective:

- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current’ (effective 1 January 2024) clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity’s expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). In addition, the amendments clarify that when a liability could be settled by the transfer of an entity’s own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 ‘Financial Instruments: Presentation’ does not impact the current or non-current classification of the convertible instrument.

AHAM AIIMAN INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards and amendments that have been issued but not yet effective: (continued)

The amendments also specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

The adoption of the above standards, amendments to standards or interpretations is not expected to have a material effect on the financial statements of the Fund.

B INCOME RECOGNITION

Profit income

Profit income from Shariah-based deposits with licensed financial institutions and unquoted sukuk are recognised based on effective profit rate method on an accruals basis.

Profit income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset, except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Realised gains and losses on sale of Shariah-compliant investments

For unquoted sukuk, realised gains and losses on sale of unquoted Shariah-compliant investments are accounted as the difference between the net disposal proceeds and the carrying amount of Shariah-compliant investments, determined on cost adjusted for accretion of discount or amortisation of premium on investments.

C DISTRIBUTION

A distribution to the Fund's unitholders is accounted for as a deduction from retained earnings. A proposed distribution is recognised as a liability in the period in which it is approved by the Trustee of the Fund.

At the Manager's discretion, the Fund may distribute (1) realised income, (2) realised capital gains, (3) unrealised income, (4) unrealised capital gains, or (5) a combination of any of the above.

AHAM AIIMAN INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

D TAXATION

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable profit earned during the financial period.

E FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s functional and presentation currency.

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss, and
- those to be measured at amortised cost.

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as financial assets measured at fair value through other comprehensive income.

The contractual cash flows of the Fund’s debt securities are solely payments of principal and interest* (“SPPI”). However, these investments are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents as financial assets measured at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to Manager, amount due to Trustee, amount due to dealer, payables for fund accounting fee, auditors’ remuneration, tax agent’s fee, distribution payable and other payables and accruals as financial liabilities measured at amortised cost.

* For the purposes of this Fund, interest refers to profits earned from Shariah-compliant investments.

AHAM AIIMAN INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value.

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Shariah-based deposits with licensed Islamic financial institutions are stated at fair value. Due to the short-term nature of the deposits, the cost plus accrued profit calculated based on the effective profit rate method over the period from the date of placement to the date of maturity of the respective deposits is the reasonable estimate of fair value.

Financial assets at amortised cost and other liabilities are subsequently carried at amortised cost using the effective profit method.

(iii) Impairment

The Fund's financial assets measured at amortised cost are subject to expected credit losses. The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

The Fund defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

AHAM AIIMAN INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Quantitative criteria:

Any contractual payment which is more than 90 days past due is considered credit-impaired.

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Fund considers the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor's financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganization; and
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Fund may write off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in bad debt recoveries. There are no write-offs/recoveries during the financial period.

G CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

AHAM AIIMAN INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

H UNITHOLDERS' CAPITAL

The unitholders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net asset value ("NAV");
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial period if a unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the unitholders' option at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

I CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information contents on the estimates, certain key variables that are anticipated to have material impacts to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgements are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

However, the Manager is of the opinion that there are no accounting policies which require significant judgement to be exercised.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission's ("SC") Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

J REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

The analysis of realised and unrealized profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

AHAM AIIMAN INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024

1 INFORMATION ON THE FUND

The Wholesale Fund was constituted under the name AHAM Aiiman Income Fund (the “Fund”) pursuant to the execution of a Deed dated 10 March 2023 (the “Deed”) entered into between AHAM Asset Management Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund commenced operations on 16 March 2023 and will continue its operations until terminated by the Trustee as provided under Clause 12.3 of the Deeds.

The Fund may invest in the following permitted investments subject to the following restrictions imposed or as may be amended from time to time by the SC and/or the relevant authorities and/or the Deeds and as permitted by the SC’s Shariah Advisory Council and/or the Shariah Advisor:

- (i) Sukuk;
- (ii) Islamic money market instruments;
- (iii) Islamic deposits;
- (iv) Islamic collective investment schemes; and
- (v) Any other form of Shariah-compliant investments as may be permitted by the SC and/or the Shariah Advisor from time to time that is in line with the Fund’s objective.

All investments will be subjected to the SC’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Deeds and the objective of the Fund.

The main objective of the Fund is to provide investors with a steady income stream by investing in Sukuk, Islamic money market instruments and/or Islamic deposits.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds, exchange-traded funds and private retirement schemes as well as providing fund management services to private clients

The financial statements were authorised for issue by the Manager on xx April 2024.

AHAM AIIMAN INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total RM</u>
<u>2024</u>				
<u>Financial assets</u>				
Cash and cash equivalents		11,140	-	11,140
Unquoted fixed income securities	9	-	290,568,775	290,568,775
Shariah-based deposits with licensed financial institutions	9	-	573,140,924	573,140,924
Total		<u>11,140</u>	<u>863,709,699</u>	<u>863,720,839</u>
<u>Financial liabilities</u>				
Amount due to dealer		70,307,496	-	70,307,496
Amount due to Manager				
- management fee		71,949	-	71,949
Amount due to Trustee		15,963	-	15,963
Fund accounting fee		1,000	-	1,000
Auditors' remuneration		8,000	-	8,000
Tax agent's fee		3,500	-	3,500
Distribution payable		1,852,710	-	1,852,710
Other payables and accruals		1,654	-	1,654
Total		<u>72,262,272</u>	<u>-</u>	<u>72,262,272</u>

The Fund is exposed to a variety of risks which include market risk (including profit rate risk), credit risk, liquidity risk, capital risk and reclassification of Shariah status risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

AHAM AIIMAN INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk

(a) Price risk

Price risk arises mainly from the uncertainty about future prices of Shariah-compliant investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the Shariah-compliant investment portfolio.

The Fund's overall exposure to price risk was as follows:

	<u>2024</u> RM
Shariah-compliant unquoted investments	
Unquoted sukuk*	<u>290,568,775</u>

*Includes profit receivables of RM1,328,625.

The following table summarises the sensitivity of the Fund's profit after taxation and NAV to price risk movement. The analysis is based on the assumptions that the market price increased by 3% and decreased by 3% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the Fund's investments.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on profit after tax/NAV RM
<u>2024</u>		
-3%	280,562,946	(8,677,200)
0%	289,240,150	-
+3%	<u>297,917,355</u>	<u>8,677,205</u>

AHAM AIIMAN INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(b) Profit rate risk

In general, when profit rates rise, unquoted sukuk prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when profit rates rise or are expected to rise. However, investors should be aware that should the Fund hold an unquoted fixed income security until maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate profit rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future profit rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial in an unquoted sukuk fund since unquoted sukuk portfolio management depends on forecasting profit rate movements. Prices of unquoted sukuk move inversely to profit rate movements, therefore as profit rates rise, the prices of unquoted sukuk decrease and vice versa. Furthermore, unquoted sukuk with longer maturity and lower yield coupon rates are more susceptible to profit rate movements.

Investors should note that unquoted sukuk and money market instruments are subject to profit rate fluctuations. Such investments may be subject to unanticipated rise in profit rates which may impair the ability of the issuers to make payments of profit income and principal, especially if the issuers are highly leveraged. An increase in profit rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's profit after taxation and NAV to movements in prices of unquoted sukuk held by the Fund as a result of movement in profit rate. The analysis is based on the assumptions that the profit rate increased and decreased by 1% with all other variables held constant.

<u>% Change in profit rate</u>	<u>Impact on profit after tax/NAV</u> <u>2024</u> RM
+1%	(19,493)
-1%	13,603

Profit rate risk arises from the effects of fluctuations in the prevailing levels of market profit rates on the fair value of financial assets and liabilities and future cash flows.

The Fund's exposure to profit rate risk is mainly confined to Shariah-based deposits with licensed financial institutions. The Manager overcomes this exposure by placing deposits with licensed financial institutions with fixed rates of profit and maturity.

AHAM AIIMAN INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of profit, principals and proceeds from realisation of Shariah-compliant investments. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

Credit risk arising from cash and bank balances is managed by ensuring that they are held by parties with credit rating of AA or higher.

Credit risk arising from placements of Shariah-based deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

The following table sets out the credit risk concentration of the Fund:

	Shariah based deposits with licensed financial <u>Institutions</u>	Unquoted sukuk RM	Cash and cash equivalents RM	<u>Total</u> RM
<u>2024</u>				
Financial Services				
- AAA	569,088,168	80,428,851	-	653,569,775
- AA1	4,052,756	-	11,140	11,140
- AA3	-	-	-	-
- P1	-	140,673,142	-	140,673,142
- Non-rated ("NR")	-	4,990,700	-	4,990,700
Government				
- NR	-	15,221,082	-	15,221,082
Industrials				
- P1	-	49,255,000	-	49,255,000
	<u>573,140,924</u>	<u>290,568,775</u>	<u>11,140</u>	<u>863,720,839</u>

AHAM AIIMAN INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of Shariah-based liquid assets to meet anticipated payment and cancellations of unit by unitholders. Shariah-based liquid assets comprise cash, Shariah-based deposits with licensed financial institutions and other Shariah-compliant instruments, which are capable of being converted into cash within 7 days.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

The amounts in the table below are the contractual undiscounted cash flows.

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2024</u>			
Amount due to brokers	70,307,496	-	70,307,496
Amount due to Manager			
- management fee	71,949	-	71,949
Amount due to Trustee	15,963	-	15,963
Fund accounting fee	1,000	-	1,000
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	3,500	3,500
Distribution payable	1,852,710	-	1,852,710
Other payables and accruals	-	1,654	1,654
	<u>72,249,118</u>	<u>13,154</u>	<u>72,262,272</u>

AHAM AIIMAN INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the Shariah-compliant investment activities of the Fund.

Reclassification of Shariah status risk

The risk refers to the risk that the currently held Shariah-compliant securities in the portfolio of Shariah-compliant funds may be reclassified to be non Shariah-compliant upon review of the investment by the Shariah Advisory Council of the SC performed twice yearly. If this occurs, the value of the Fund may be adversely affected where the Manager will take the necessary steps to dispose of such investment in accordance with the Shariah Advisory Council's advice.

3 FAIR VALUE ESTIMATION

Financial instruments comprise financial assets and financial liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the financial period end date. The Fund utilises the bid price for financial assets which falls within the bid-ask spread.

An active market is a market in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets and financial liabilities that are not traded in an active market is determined by using valuation techniques.

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

AHAM AIIMAN INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2024</u>				
Financial assets at fair value through profit or loss:				
- unquoted sukuk	-	290,568,775	-	290,568,775
- Shariah-based deposits with licensed financial institutions	-	573,140,924	-	573,140,924
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		863,709,699		863,709,699
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted sukuk and Shariah-based deposits with licensed financial institutions. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect liquidity and/or non-transferability, which are generally based on available market information.

(ii) The carrying values of cash and cash equivalents and all current liabilities are a reasonable approximation of the fair values due to their short-term nature.

AHAM AIIMAN INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

4 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum on the NAV of the Fund, calculated on a daily basis.

For the financial period from 16 March 2023 (date of launch) to 29 February 2024, the management fee is recognised at a rate of 0.25% per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Information Memorandum. The Manager has waived the management fee of RM46,000 from 27 February 2024 to 29 February 2024.

There will be no further liability to the Manager in respect of management fee other than the amounts recognised above.

5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.10% per annum on the NAV of the Fund, calculated on a daily basis.

For the financial period ended 16 March 2023 (date of launch) to 29 February 2024, the Trustee fee is recognised at rate of 0.03% per annum on the NAV of the Fund calculated on a daily basis as stated in the Fund's Information Memorandum.

There will be no further liability to the Trustee in respect of Trustee fee other than the amounts recognised above.

6 FUND ACCOUNTING FEE

The fund valuation and accounting fee for the Fund is RM10,516 for the financial period from 16 March 2023 (date of launch) to 29 February 2024.

AHAM AIIMAN INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

7 TAXATION

	Financial period from 16.3.2023 (date of launch) to <u>29.2.2024</u> RM
Current taxation - local	-

The numerical reconciliation between net profit before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	Financial period from 16.3.2023 (date of launch) to <u>29.2.2024</u> RM
Net profit before taxation	8,930,540
Tax at Malaysian statutory rate of 24%	2,143,330
Tax effects of:	
Investment income not subject to tax	(2,308,027)
Expenses not deductible for tax purposes	23,646
Restriction on tax deductible expenses for Wholesale Fund	141,051
Tax expense	-

AHAM AIIMAN INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

8 DISTRIBUTIONS

	Financial period from 16.3.2023 (date of launch) to <u>29.2.2024</u> RM
Distributions to unitholders are from the following sources:	
Profit income	8,654,973
Gross realised income	<u>8,654,973</u>
Net distribution amount	<u><u>8,654,973</u></u>

During the financial period ended 29 February 2024, distributions were made as follows:

<u>Ex-date</u>	<u>Gross distribution per unit</u> sen	<u>Net distribution per unit</u> sen
30.4.2023	0.251	0.251
31.5.2023	0.270	0.270
30.6.2023	0.271	0.271
31.7.2023	0.267	0.267
31.8.2023	0.271	0.271
30.9.2023	0.263	0.263
31.10.2023	0.266	0.266
30.11.2023	0.281	0.281
31.12.2023	0.297	0.297
31.1.2024	0.293	0.293
29.2.2024	0.275	0.275
	<u>3.018</u>	<u>3.018</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.

AHAM AIIMAN INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2024</u> RM
Financial assets at fair value through profit or loss:	
- unquoted sukuk - local	290,568,775
- Shariah-based deposits with licensed financial institutions*	573,140,924
	<u>863,709,699</u>

* Includes profit receivable of RM4,012,277

Net gain on financial assets at fair value through profit or loss:	
- realised gain on sale of investments	23,911
- unrealised gain in changes of fair value	39,755
	<u>63,666</u>

(a) Unquoted sukuk

(i) Unquoted sukuk as at 29 February 2024 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Unquoted sukuk</u>				
3.83% Cagamas Berhad 29.03.2024 (P1)	40,000,000	40,267,427	40,276,827	5.09
3.55% Cagamas Berhad 22.04.2024 (P1)	100,000,000	100,397,659	100,396,315	12.68
3.74% Cagamas Berhad 24.07.2024 (AAA)	55,000,000	55,247,433	55,248,118	6.98
2.78% Cagamas Berhad 30.09.2024 (AAA)	25,000,000	25,164,710	25,180,733	3.18
4.444% Government Investment Issue 22.05.2024 (NR)	15,000,000	15,223,382	15,221,082	1.92
0% Khazanah Nasional Bhd 20.03.2024 (NR)	5,000,000	4,991,020	4,990,700	0.63
0% Malaysia Rail Link Sdn Bhd 09.08.2024 (P1)	50,000,000	49,237,389	49,255,000	6.23
Total unquoted sukuk	<u>290,000,000</u>	<u>290,529,020</u>	<u>290,568,775</u>	<u>36.71</u>
Accumulated unrealised gain on unquoted sukuk		39,755		
Total unquoted sukuk		<u>290,568,775</u>		

AHAM AIIMAN INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(b) Shariah-based deposits with licensed financial institutions

Weighted average effective profit rates per annum of Shariah-based deposits with licensed financial institutions are as follows:

	<u>2024</u> %
Shariah-based deposits with licensed financial institutions	3.76

The Shariah-based deposits with licensed financial institutions have an average remaining maturity period of 162 days.

10 NUMBER OF UNITS IN CIRCULATION

	<u>2024</u> No. of units
At the date of launch	-
Creation of units arising from applications	913,375,107
Creation of units arising from distributions	6,802,262
Cancellation of units	(128,994,369)
At the end of the financial period	<u>791,183,000</u>

11 TRANSACTIONS WITH DEALERS

(i) Details of transactions with the dealers for the financial period ended 29 February 2024 are as follows:

<u>Name of dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
Malayan Banking Bhd	507,503,056	52.60
AM Bank (M) Bhd	144,535,580	14.98
CIMB Bank Bhd	116,277,815	12.05
CIMB Islamic Bank Bhd	104,167,674	10.80
Affin Hwang Investment Bank Bhd	71,061,938	7.37
Affin Islamic Bank Bhd	11,318,648	1.17
RHB Investment Bank Bhd	9,903,300	1.03
	<u>964,768,011</u>	<u>100.00</u>

AHAM AIIMAN INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

12 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

<u>Related parties</u>	<u>Relationship</u>
CVC Capital Partners Asia V L.P. ("CVC Asia V")	Ultimate holding company of the Manager
Lembaga Tabung Angkatan Tentera ("LTAT")	Substantial shareholder of the Manager
Starlight TopCo Limited	Penultimate holding company of the Manager
Starlight Universe Limited	Intermediate holding company of the Manager
Starlight Asset Sdn Bhd	Immediate holding company of the Manager
Nikko Asset Management International Limited ("NAMI")	Former substantial shareholder of the Manager
Nikko Asset Management Co., Ltd ("NAM")	Substantial shareholder of the Manager
AHAM Asset Management Berhad	The Manager
Subsidiaries and associated companies of CVC Asia V as disclosed in their financial statements	Subsidiaries and associated companies of the ultimate holding company of the Manager
Directors of AHAM Asset Management Berhad	Directors of the Manager

AHAM AIIMAN INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

13 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)

The units held by the Manager and party related to the Manager as at the end of the financial period are as follows:

	<u>2024</u>
	No. of units
	RM
<u>The Manager:</u>	
AHAM Asset Management Berhad (The units are held legally for booking purposes)	2,833
	<u>2,834</u>
<u>Subsidiary of the Manager:</u>	
Accelvantage Academy Sdn Bhd (The units are held beneficially)	944,289
	<u>944,572</u>

Other than the above, there were no units held by the Directors or parties related to the Manager.

14 TOTAL EXPENSE RATIO ("TER")

	<u>2024</u>
	%
TER	<u>0.27</u>

TER is derived from the following calculation:

$$\text{TER} = \frac{(\text{A} + \text{B} + \text{C} + \text{D} + \text{E} + \text{F}) \times 100}{\text{G}}$$

A	=	Management fee, excluding management fee rebates
B	=	Trustee fee
C	=	Fund accounting fee
D	=	Auditors' remuneration
E	=	Tax agent's fee
F	=	Other expenses
G	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM268,089,100.

AHAM AIIMAN INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 16 MARCH 2023 (DATE OF LAUNCH) TO 29 FEBRUARY 2024 (CONTINUED)

15 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2024</u>
PTR (times)	<u>2.20</u>

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial period} + \text{total disposal for the financial period}) \div 2}{\text{Average NAV of the Fund for the financial period calculated on a daily basis}}$$

where: total acquisition for the financial period = RM734,283,195

total disposal for the financial period = RM445,225,833

16 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

Change in corporate shareholders of AHAM Asset Management Berhad

On 19 April 2023, Nikko Asset Management International Limited (“NAMI”) has divested all its equity interest of 27% in AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) to Nikko Asset Management Co., Ltd (“NAM”) for 20% and the remaining 7% of the equity interest to Lembaga Tabung Angkatan Tentera (“LTAT”), resulting in both NAM and LTAT becoming substantial shareholders of the Manager.

17 COMPARATIVES

There are no comparatives as this is the first set of financial statements prepared since the launch of the Fund.

AHAM AIIMAN INCOME FUND

STATEMENT BY THE MANAGER

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **AHAM Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 26 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 29 February 2024 and of its financial performance, changes in equity and cash flows for the financial period from 16 March 2023 (date of launch) to 29 February 2024 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,
AHAM ASSET MANAGEMENT BERHAD

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
26 April 2024

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AHAM AIIMAN INCOME FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of AHAM Aiiman Income Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 29 February 2024, and of its financial performance and its cash flows for the financial period from 16 March 2023 (date of launch) to 29 February 2024 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 29 February 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 1 to 27.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors’ report thereon

The Manager of the Fund is responsible for the other information. The other information comprises the Manager’s Report, but does not include the financial statements of the Fund and our auditors’ report thereon.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AHAM AIIMAN INCOME FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AHAM AIIAMAN INCOME FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AHAM AIIMAN INCOME FUND

OTHER MATTERS

This report is made solely to the unitholders of the Fund, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
26 April 2024

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