



ANNUAL REPORT
30 June 2024

AHAM Absolute Return Fund III

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

Trustee
TMF Trustees Malaysia Berhad
(200301008392 [610812-W])

Built On Trust

aham.com.my

AHAM ABSOLUTE RETURN FUND III

Annual Report and Audited Financial Statements For the Financial Year Ended 30 June 2024

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FUND INFORMATION

Fund Name	AHAM Absolute Return Fund III
Fund Type	Growth
Fund Category	Mixed Asset (Wholesale)
Investment Objective	The Fund seeks to provide Unit Holders with long-term capital appreciation
Benchmark	8.0% per annum
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate.

FUND PERFORMANCE DATA

Category	As at 30 Jun 2024 (%)	As at 30 Jun 2023 (%)	As at 30 Jun 2022 (%)
Portfolio composition			
Quoted equities – local			
- Consumer discretionary	-	-	0.46
- Industrial	-	-	4.97
- Energy	1.45	7.71	-
- Financial Services	3.81	-	-
- Technology	-	0.58	-
- Warrant	-	0.27	0.20
Total quoted equities – local	5.26	8.56	5.63
Quoted equities – foreign			
- Basic Materials	-	1.06	0.35
- Consumer Discretionary	12.98	12.05	11.72
- Consumer Staples	3.23	5.81	6.58
- Energy	-	-	0.89
- Financials	13.23	6.87	6.68
- Health care	5.70	4.64	3.44
- Industrial	5.43	2.48	-
- Real estate	-	5.20	9.65
- Technology	28.05	25.54	13.23
- Warrant	-	-	0.01
Total quoted equities – foreign	68.62	63.65	52.55
Collective investment scheme – local	12.61	12.41	9.89
Collective investment scheme – foreign	1.12	0.89	0.69
Exchange-traded fund – local	-	-	0.83
Exchange-traded fund – foreign	8.68	5.17	3.44
Cash & cash equivalent	3.71	9.32	26.97
Total	100.00	100.00	100.00
Total NAV (RM'million)	63.298	79.027	95.668
NAV per Unit (RM)	0.7468	0.6783	0.6761
Unit in Circulation (million)	84.768	116.513	141.498
Highest NAV	0.7500	0.7028	0.8465
Lowest NAV	0.6310	0.6134	0.6491
Return of the Fund (%)	10.08	0.33	-19.99
- Capital Growth (%)	10.08	0.33	-19.99
- Income Distribution (%)	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil
Total Expense Ratio (%) ¹	1.16	1.14	1.12
Portfolio Turnover Ratio (times) ²	1.33	0.76	1.38

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

The performance figures are a comparison of the growth/decline in 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

¹The TER was higher than previous year due to a lower average NAV of the Fund for the financial year.

² The PTR of the Fund was higher than previous year due to higher trading activities for the financial year.

Income Distribution / Unit Split

No income distribution or unit split were declared for the financial year ended 30 June 2024.

Income Distribution Breakdown

No income distribution were declared for the financial year ended 30 June 2024.

Fund Performance

Table 1: Performance of the Fund

	1 Year (1/7/23 - 30/6/24)	3 Years (1/7/21 - 30/6/24)	5 Years (1/7/19 - 30/6/24)	Since Commencement (9/12/14 - 30/6/24)
Fund	10.08%	(11.63%)	5.72%	49.34%
Benchmark	8.00%	26.00%	46.99%	108.82%
Outperformance	2.08%	(37.63%)	(41.27%)	(59.48%)

Table 2: Average Total Return

	1 Year (1/7/23 - 30/6/24)	3 Years (1/7/21 - 30/6/24)	5 Years (1/7/19 - 30/6/24)	Since Commencement (9/12/14 - 30/6/24)
Fund	10.08%	(4.04%)	1.12%	4.28%
Benchmark	8.00%	8.00%	8.00%	8.00%
Outperformance	2.08%	(12.04%)	(6.88%)	(3.72%)

Table 3: Annual Total Return

	FYE 2024 (1/7/23 - 30/6/24)	FYE 2023 (1/7/22 - 30/6/23)	FYE 2022 (1/7/21 - 30/6/22)	FYE 2021 (1/7/20 - 30/6/21)	FYE 2020 (1/7/19 - 30/6/20)
Fund	10.08%	0.33%	(19.99%)	16.12%	3.03%
Benchmark	8.00%	8.00%	8.00%	8.00%	8.02%
Outperformance	2.08%	(7.67%)	(27.99%)	8.12%	(4.99%)

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

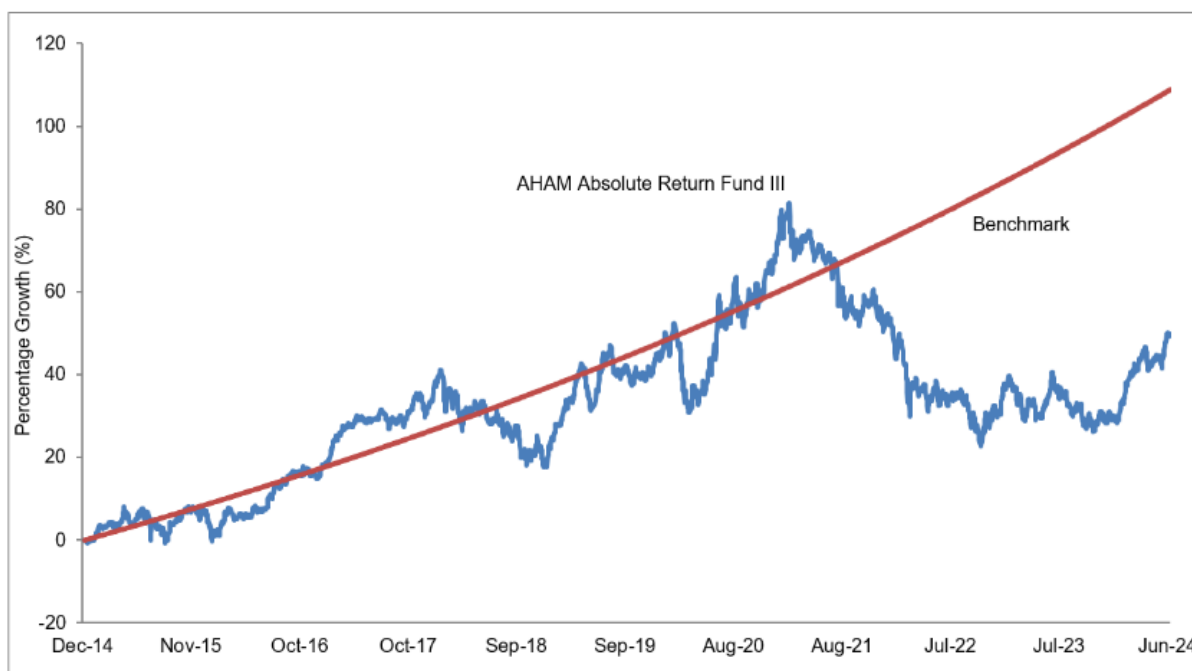
MANAGER'S REPORT

Performance Review (1 July 2023 to 30 June 2024)

For the period 1 July 2023 to 30 June 2024, the Fund has registered a return of 10.08% as compared to the benchmark return of 8.00%. The Fund thus outperformed the benchmark by 2.08%. The Net Asset Value (NAV) per unit of the Fund as at 30 June 2024 was RM 0.7468 while the NAV per unit on 30 June 2023 was RM 0.6783.

Since commencement, the Fund has registered a return of 49.34% compared to the benchmark return of 108.82%, underperforming by 59.48%.

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."
Benchmark: 8% per annum

Asset Allocation

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

As at 30 June 2024, the Fund's equity portion comprised of 5.26% within the local space and 68.62% in foreign equities. The Manager has also allocated 12.61% in local collective investment schemes, 1.12% in foreign collective investment schemes and 8.68% in foreign exchange traded funds. The balance was held in cash and cash equivalents.

Strategies Employed

The Fund's primary strategy is to invest in Quality Compounders at reasonable valuations. Quality Compounders are businesses with a strong moat, high return on capital, and a healthy growth trajectory. Within this overarching strategy, the Fund focuses on several investment themes.

Currently, the Fund is heavily invested in the Semiconductor sector. The industry is experiencing a boom after a year and a half of recession, with demand for semiconductor chips bolstered by Artificial Intelligence server demand.

The Fund also holds a moderate position in India through two well-run private banks, which benefit from the low penetration of banking services and high Gross Domestic Product (“GDP”) growth in India.

Additionally, the Fund is positioned within the "High-End Spending" theme. Products and services catering to high-end spending have stronger pricing power and tend to grow above GDP growth over the long term. Lower marriage rates and childbirth globally are enabling consumers to indulge in higher-end products and services.

To summarize, the Fund’s overarching strategy is to invest primarily in Quality Compounders—businesses with a strong competitive advantage, high return on capital, and a healthy growth trajectory.

Market Review

The Standard and Poor's (“S&P”) 500 index, a benchmark for the United States (“U.S.”) stock market, has experienced significant gains of approximately 25% in USD terms from July 1, 2023, to June 30, 2024.

Several factors contributed to the S&P 500's robust performance during this period. Earnings increased by 5% due to healthy nominal Gross Domestic Product (“GDP”) in the U.S. Valuations improved in anticipation of Federal Reserve rate cuts amidst moderating inflation. Notably, the Technology sector saw the largest earnings growth and re-rating, driven by optimism surrounding the AI theme.

Similarly, the Asia ex-Japan (“AxJ”) equity markets as measured by the MSCI Asia ex-Japan Index achieved a gain of roughly 13% in USD terms between July 1, 2023, and June 30, 2024.

Within AxJ markets, Taiwan and India were among the strongest performers. The Taiwanese market was buoyed by the AI theme, given the country’s significant exposure to semiconductor and technology stocks. Meanwhile, the Indian equity market continued to perform well due to strong GDP growth and robust domestic investment flows.

Investment Outlook

Several key macroeconomic factors are expected to influence global equity markets. The primary factor is the trajectory of inflation data in developed countries, particularly the U.S.. Changes in U.S. inflation data will determine the Federal Funds Rate and overall financial conditions in the U.S., which will significantly impact global financial conditions.

China's economic health also has broad implications for the global economy, particularly for Asian economies due to close trade linkages with China. The Chinese economy continues to struggle with sluggish housing sales and domestic consumption. Although various stimulus measures have been implemented, they have yet to successfully accelerate the Chinese economy.

Global geopolitical developments are another important driver of financial markets. The U.S. presidential election in November 2024 could lead to changes in domestic policies affecting U.S. businesses and global trade activities.

These key issues will be closely monitored, and any material developments will impact the portfolio's construction for the remainder of 2024. Our portfolio positioning does incorporate risk mitigation strategies to better withstand potential changes in macroeconomic conditions.

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 financial year 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 year under review, the Fund has received soft commissions from brokers/dealers who have also executed trades for other funds managed by AHAM Asset Management Berhad. The soft commissions were utilised for goods and services in the form of research materials, data and quotation services, investment-related publications, market data feed, industry benchmarking agencies and investment-related publications to assist the Manager in the investment decision-making process. The soft commission received were for the benefit of the fund and there were no churning of trades.

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 year under review.

Changes Made To the Fund's Information Memorandum

A Supplemental Deed and Replacement Information Memorandum was issued with effective date 10 November 2023 to reflect the various changes made to the Fund. These include the following, but is not limited to:

- i. change in the name of the Manager;
- ii. change in the name of the Fund;
- iii. updates to be in line with the issuance of the revised Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (“Guidelines”)

A list of changes made to the Fund is outlined in the following pages.

Changes to the Information Memorandum

1) Name of the Manager

Information Memorandum dated 5 August 2016.	Replacement Information Memorandum dated 10 November 2023
Affin Hwang Asset Management Berhad	AHAM Asset Management Berhad (Formerly known as Affin Hwang Asset Management Berhad)

2) Fund Name

Information Memorandum dated 5 August 2016.	Replacement Information Memorandum dated 10 November 2023
Affin Hwang Absolute Return Fund III	AHAM Absolute Return Fund III (Formerly known as Affin Hwang Absolute Return Fund III)

3) Definition

Information Memorandum dated 5 August 2016.	Replacement Information Memorandum dated 10 November 2023
<p>Business Day A day on which the Bursa Malaysia is open for trading. The Manager may declare certain Business Days a non-Business Day when deemed necessary, such as in the event of market disruption.</p>	<p>Business Day Means a day on which Bursa Malaysia and/or one or more of the foreign markets in which the Fund is invested in are open for business/trading.</p>
<p>Sophisticated Investor Refers to –</p> <ol style="list-style-type: none"> (1) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceed RM3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence; (2) an individual who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies per annum in the preceding 12 months; (3) an individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies per annum in the preceding 12 months; (4) a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts; (5) a partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies; (6) a unit trust scheme or prescribed investment scheme; (7) a private retirement scheme; (8) a closed - end fund approved by SC; (9) a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding RM10 million or its equivalent in foreign currencies; (10) a corporation that is a public company under the Companies Act 1965 which is approved by the SC to be a trustee under the Act and has assets under management exceeding RM10 million or its equivalent in foreign currencies; (11) a statutory body established by an Act of Parliament or an enactment of any State; (12) a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967 [Act 53]; (13) a holder of a capital markets services licence or an executive director or a chief executive officer of a 	<p>Sophisticated Investor Refers to any person (a) who falls within any of the categories of investors set out in Part 1, Schedules 6 and 7 of the Act; (b) who acquires unlisted capital market products where the consideration is not less than two hundred and fifty thousand ringgit or equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise; or (c) any other person as may be determined by the SC from time to time under the Guidelines. Note: For more information, please refer to our website at www.aham.com.my for the current excerpts of Part 1, Schedules 6 and 7 of the Act and the list of other Sophisticated Investors as permitted by the SC under the Guidelines.</p>

<p>holder of a capital markets services licence;</p> <p>(14) a licensed institution as defined in the Financial Services Act 2013;</p> <p>(15) an Islamic bank as defined in the Islamic Financial Services Act 2013;</p> <p>(16) an insurance company licensed under the Financial Services Act 2013;</p> <p>(17) a takaful operator registered under the Islamic Financial Services Act 2013;</p> <p>(18) a bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010 [704];</p> <p>(19) an Islamic bank licensee or takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010 [705]; and</p> <p>(20) such other investor(s) as may be permitted by the SC from time to time and/or under the relevant guidelines for wholesale funds.</p>	
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4) Terminology updates

Information Memorandum dated 5 August 2016.	Replacement Information Memorandum dated 10 November 2023
Structured products	Embedded Derivatives
Equity-linked notes	Equity-linked instruments

5) Investors' Profile

Information Memorandum dated 5 August 2016.	Replacement Information Memorandum dated 10 November 2023
<p>The Fund is suitable for investors who:</p> <ul style="list-style-type: none"> seek potential capital growth for their investments; have medium-term to long-term investment horizon; and have a medium to high risk tolerance. 	<To be removed>

6) Cross Trades

Information Memorandum dated 5 August 2016.	Replacement Information Memorandum dated 10 November 2023
<None>	<p>Cross Trades</p> <p>AHAM may conduct cross trades between funds which it is currently managing provided that all criteria imposed by the regulators are met. Notwithstanding the aboveforesaid, cross trades between the personal account of an employee of AHAM and the Fund's account(s) and between AHAM's proprietary trading accounts and the Fund's account(s) are strictly prohibited. Compliance with the criteria would be monitored by AHAM's Compliance Unit, and reported to AHAM's compliance and risk management committee, to avoid conflict of interests and manipulation that could have a negative impact on investors.</p>

7) Valuation of Assets

Information Memorandum dated 5 August 2016.	Replacement Information Memorandum dated 10 November 2023
<p>Listed Equities Valuation of listed equities shall be based on closing market bid prices Where no market value is publicly available or where the use of the quoted market value is inappropriate, or where no market price is available, including in the event of suspension in the quotation of the securities for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee, such investments will be valued at fair value determined in good faith by the Manager on methods or bases which have verified by the auditor of the Fund and approved by the Trustee.</p> <p>Unlisted Equities For unlisted equities, valuations will be based on fair value using methods which are verified by the auditor of the Fund and approved by the Trustee.</p> <p>Listed & Unlisted Fixed Income Securities Valuation of listed and unlisted fixed income securities denominated in Ringgit Malaysia will be done by using the fair value price quoted by a bond pricing agency (“BPA”) registered with the SC. If the Manager is of the view that the price quoted by BPA differs from the “market price” quoted by at least 3 independent dealers by more than 20 basis points and the Manager determines that the methodology used by the independent dealers to obtain the “market price” is more appropriate, the Manager may elect to use the price quoted by the independent dealers as the “market price”, provided that the Manager records its basis for using a non-BPA price, obtains the necessary internal approvals to use the non-BPA price and keeps an audit trail of all decisions and basis for adopting the “market yields”. Investment in other listed and unlisted fixed income securities will be valued using the Composite Bloomberg Bond Trader (CBBT price) provided by Bloomberg. When CBBT prices are not available, the other listed and unlisted fixed income securities will be valued by reference to the average indicative price quoted by at least 3 independent dealers. In the case where the Manager is unable to obtain quotation from 3 independent dealers, the other listed and unlisted fixed income securities will be valued in accordance to fair value as determined in good faith by the Manager, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.</p> <p>Fixed Deposit Valuation of fixed deposits placed with Financial Institutions will be done by reference to the principal value of the fixed deposits and the interests accrued thereon for the relevant period.</p> <p>Money Market Instruments Valuation of money market instruments will be based on amortised costs.</p> <p>Unlisted Collective Investment Schemes Investments in unlisted collective investment schemes shall be valued based on the last published repurchase price.</p> <p>Derivatives and Embedded Derivatives</p>	<p>We will ensure that the valuation of the Fund is carried out in a fair manner in accordance to the relevant laws and Guidelines. We will obtain the daily price or value of the assets for the purpose of valuing the Fund in accordance to the Malaysian Financial Reporting Standard 9 issued by the Malaysian Accounting Standards Board. In the absence of daily price or value of the assets, we will use the latest available price or value of the assets respectively. The valuation bases for the permitted investments of the Fund are as below:</p> <p>Listed Securities Valuation of investments in listed securities shall be based on the closing price or last known transacted price on the eligible market on which the investment is quoted. If the price is not representative of its fair value or is not available to the market, including in the event of suspension in the quotation of the listed securities for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee, such listed securities will be valued at fair value determined in good faith by the Manager or its delegate, based on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.</p> <p>Unlisted Securities For unlisted RM denominated fixed income securities, valuation will be done using the price quoted by a bond pricing agency (“BPA”) registered with the SC. For non-RM denominated unlisted fixed income securities, valuation will be based on the average indicative price quoted by independent and reputable institutions. Where the Manager is of the view that the price quoted by BPA differs from the fair value or where reliable market quotations are not available, the fair value will be determined in good faith by the Manager using methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.</p> <p>For other unlisted securities, valuation will be based on fair value as determined in good faith by the Manager using methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.</p> <p>Deposits Valuation of deposits placed with Financial Institutions will be done by reference to the principal value of the deposits and the interests accrued thereon for the relevant period.</p> <p>Money Market Instruments Valuation of RM denominated money market instruments will be done using the price quoted by BPA registered with the SC. For non-RM denominated money market instruments, valuation will be done using the average of quotations provided by reputable Financial Institutions. Where the Manager is of the view that the price quoted by BPA differs from the fair value or where reliable market quotations are not available, the fair value will be determined in good faith by the Manager using methods or bases which have been verified by the auditor of the Fund and approved by the Trustee. This may be determined by reference to the valuation of other money market instruments which are comparable in rating, yield,</p>

<p>The valuation of derivatives and structured products will be based on the rates provided by the respective issuers. For foreign exchange contracts ("FX Forwards"), the Manager will apply interpolation formula to compute the value of the FX Forwards based on the rates provided by the Bloomberg. If the rates are not available on the Bloomberg, the FX Forwards will be valued by reference to the average indicative rate quoted by at least 3 independent dealers. In the case where the Manager is unable to obtain quotation from 3 independent dealers, the FX Forwards will be valued in accordance to fair value as determined in good faith by the Manager, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.</p> <p>Any Other Investments Fair value as determined in good faith by the Manager, on methods or bases which have been verified by the auditor of the fund and approved by the Trustee.</p> <p>In accordance with the Financial Reporting Standard 139 issued by the Malaysian Accounting Standards Board, the Manager will for the purpose of valuing the Fund, obtain the daily price or value of the assets. In the absence of daily price or value of the assets, the Manager will use the latest available price or value of the assets respectively.</p>	<p>expected maturity date and/or other characteristics..</p> <p>Collective Investment Schemes Valuation of investments in unlisted collective investment schemes shall be valued based on the last published repurchase price. Valuation of investments in listed collective investment schemes shall be done in the same manner as the valuation of listed securities as described above.</p> <p>Derivatives and Embedded Derivatives Valuation of derivatives or embedded derivatives will be based on the prices provided by the respective issuers. The issuers generate the market valuation through the use of their own proprietary valuation models, which incorporate all the relevant and available market data with respect to the derivatives or embedded derivatives (e.g. interest rates, movement of the underlying assets, volatility of the underlying assets, the correlation of the underlying assets and such other factors). For foreign exchange forward contracts ("FX Forwards"), interpolation formula is applied to compute the value of the FX Forwards based on the rates provided by Bloomberg or Refinitiv. If the rates are not available on Bloomberg or Refinitiv, the FX Forwards will be valued based on fair value as determined in good faith by the Manager using methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.</p> <p>Any Other Investments Fair value as determined in good faith by the Manager, based on the methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.</p>
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8) Switching Fee

Information Memorandum dated 5 August 2016.	Replacement Information Memorandum dated 10 November 2023
<p>A switching fee of up to 1% of the NAV per Unit of the Fund will be charged within the first six (6) months from the earliest date of your investment in the Fund. After the expiry of the first six (6) months, if the sales charge of the fund (or its class) that you intend to switch into is higher than the Sales Charge paid for the Fund, you will need to pay the difference between the intended fund (or its class) and the Fund. Conversely, no sales charge will be imposed on the intended fund (or its class) if it is less than or equal to the Sales Charge paid for the Fund. It is important to note that you are not entitled to any refund of the Sales Charge paid on the Fund, which exceeds that imposed on the intended fund (or its class).</p>	<p>The Manager does not impose any switching fee. However, if the amount of sales charge of the fund (or class) that the Unit Holder intends to switch into is higher than the sales charge imposed by the fund (or class) being switched from, then the difference in the sales charge between the two (2) funds (or classes) shall be borne by the Unit Holder.</p>

9) Administrative Fees

Information Memorandum dated 5 August 2016.	Replacement Information Memorandum dated 10 November 2023
<p>Only fees and expenses that are directly related and necessary to the business of the Fund may be charged to the Fund. These include the following:</p> <ul style="list-style-type: none"> • Commissions or fees paid to brokers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes; • (where the custodial function is delegated by the 	<p>Only the expenses (or part thereof) which are directly related and necessary to the operation and administration of the Fund may be charged to the Fund. These would include (but are not limited to) the following:</p> <p>(a) Commissions or fees paid to brokers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;</p>

<p>Trustee for the custody of foreign investments) charges or fees paid to foreign sub-custodian;</p> <ul style="list-style-type: none"> • Tax and other duties charged on the Fund by the government and/or other authorities; • Costs, fee and expenses properly incurred by the auditor appointed for the Fund; • Costs, fees and expenses for the valuation of any investments of the Fund by independent valuers for the benefit of the Fund; • Costs, fees and expenses incurred for any modification of the Deed save where modification is for the benefit of the Manager and/or Trustee; • Costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or Trustee; and • Other fees and expenses related to the Fund. <p>Expenses related to the issuance of this Information Memorandum will be borne by the Manager.</p>	<ul style="list-style-type: none"> (b) (where the custodial function is delegated by the Trustee for the custody of foreign investments) charges or fees paid to foreign sub-custodians; (c) Taxes and other duties charged on the Fund by the government and/or other authorities; (d) Costs, fees and expenses properly incurred by the auditor appointed for the Fund; (e) Costs, fees and expenses incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent; (f) Costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee; (g) Costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee; (h) Costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund or commenced by either of them for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the Fund); (i) Any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred by the Fund; and (j) Other fees and expenses related to the Fund allowed under the Deed. (k) Expenses related to the issuance of this Information Memorandum will be borne by the Manager.
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10) Investor Eligibility

Information Memorandum dated 5 August 2016.	Replacement Information Memorandum dated 10 November 2023
<None>	You must be at least eighteen (18) years old and a Sophisticated Investor in order to invest in this Fund. Please refer to the "Glossary" chapter of this Information Memorandum for the definition of "Sophisticated Investor".

11) Process of Purchase Application

Information Memorandum dated 5 August 2016.	Replacement Information Memorandum dated 10 November 2023
<None>	<ul style="list-style-type: none"> ➤ If we receive your purchase application at or before 3.30 p.m. on a Business Day (or "T day"), we will create your Units based on the NAV per Unit for that Business Day. Any purchase request received or deemed to have been received by us after 3.30 p.m. will be transacted on the next Business Day (or "T + 1 day"), unless a prior arrangement is made to our satisfaction. ➤ Sale of Units will be honoured upon receipt of a complete set of documents together with the proof of payments.

12) Repurchase of Units

Information Memorandum dated 5 August 2016.	Replacement Information Memorandum dated 10 November 2023
<p>Repurchase of Units Unit Holders may request for a repurchase of their investments in the Fund at any point in time by completing the repurchase application (Form A) and returning it to the Manager on any Business Day from 9.00 a.m. to 3.30 p.m. Repurchase must be made in terms of Units and not Ringgit Malaysia (RM) values. The amount to be received by the Unit Holder for the repurchase of Units will be calculated in the manner illustrated under Section 7.2 above.</p> <p>Payment of Repurchase Proceeds The Manager may repurchase Units by requesting the Trustee to cancel Units of the Fund for the purpose of meeting Unit Holders' repurchase requests. You will be paid within 10 days from the day the repurchase request is received by the Manager and provided that all documentations are completed and verifiable. However, if the request to the Trustee to repurchase or cancel the Units results in the sale of assets of the Fund, or sale of assets which cannot be liquidated at an appropriate price or on adequate terms and is as such not in the interest of existing Unit Holders, the Trustee may refuse the said request in accordance with the Deed. Unit Holder must complete a repurchase form and elect whether to receive the proceeds in a manner of cheque or telegraphic transfer. If cheque is elected, it will be issued in the name of the Unit Holder. If telegraphic transfer is elected, proceeds will be transferred to the Unit Holder's account. Any incurred bank charges and other bank fees due to a withdrawal by way of telegraphic transfer, bank cheque or other special arrangement method will be borne by the Unit Holder.</p> <p>Repurchase Frequency and Minimum Units Repurchased There is no limit in frequency but subject to a minimum of 60,000 Units per repurchase application. If the repurchase request leaves a Unit Holder with less than 60,000 Units (minimum holdings) or such other amount as may be determined by the Manager, the Unit Holder may be required to make an application for the Manager to repurchase all the Unit Holder's holdings in the Fund. The Manager in consultation with the Trustee reserves the right to defer any repurchase requests if such requests would adversely affect the Fund or the interest of existing Unit Holders.</p>	<p>HOW TO REPURCHASE UNITS?</p> <ul style="list-style-type: none"> ➤ It is important to note that, you must meet the minimum holding of Units after a repurchase transaction. ➤ If you insist on making a repurchase request knowing that after the transaction you will hold less than the minimum holding of Units, we may withdraw all your holding of Units and pay the proceeds to you. ➤ We may, with the consent of the Trustee, reserve the right to defer your repurchase request if such transaction would adversely affect the Fund or the interest of the Unit Holders. ➤ You may submit the repurchase request by completing the transaction form and returning it to us between 8.45 a.m. to 3.30 p.m. on a Business Day. ➤ Payment of the repurchase proceeds will be made via bank transfer where proceeds will be transferred to your bank account. Where Units are held jointly, payment will be made to the person whose name appears first in the register of Unit Holders. ➤ Bank charges or other bank fees, if any, will be borne by us. <p>WHAT IS THE PROCESS OF REPURCHASE APPLICATION?</p> <ul style="list-style-type: none"> ➤ For a repurchase request received or deemed to have been received by us at or before 3.30 p.m. on a Business Day (or "T day"), Units will be repurchased based on the NAV per Unit for that Business Day. Any repurchase request received after 3.30 p.m. will be transacted on the next Business Day (or "T + 1 day"). Processing is subject to receipt of a complete transaction form and such other documents as may be required by us. <p>WHAT IS THE REPURCHASE PROCEEDS PAYOUT PERIOD?</p> <ul style="list-style-type: none"> ➤ You will be paid within ten (10) Business Days from the day the repurchase request is received by us and provided that all documentations are completed and verifiable.

13) Cooling-Off Period

Information Memorandum dated 5 August 2016.	Replacement Information Memorandum dated 10 November 2023
<p>Cooling-Off Period A Cooling-off Right refers to the right of the Unit Holder to obtain a refund of his investment in the Fund if he so requests within the Cooling-off Period. This right is only given to investors who are investing in any funds managed by the Manager for the first time. This right is not applicable to investors who are: (a) A corporation or institution; (b) A staff of that Manager; and (c) Persons registered with a body approved by the SC to deal in unit trusts. The Cooling-off Period is six (6) Business Days from the day the purchase request is received by the Manager. You will be refunded within 10 days from receipt of the cooling-off application.</p>	<p>WHAT IS COOLING-OFF RIGHT?</p> <ul style="list-style-type: none"> ➤ You have the right to apply for and receive a refund for every Unit that you have paid for within six (6) Business Days from the date we received your purchase application. ➤ You will be refunded for every Unit held based on the prices mentioned below and the Sales Charge imposed on the day those Units were purchased. <ul style="list-style-type: none"> (i) If the price of a Unit on the day the Units were first purchased (“original price”) is higher than the price of a Unit at the point of exercise of the cooling-off right (“market price”), you will be refunded based on the market price at the point of cooling-off; or (ii) If the market price is higher than the original price, you will be refunded based on the original price at the point of cooling-off. ➤ You will be refunded within ten (10) Business Days from our receipt of the cooling-off application. <p>Please note that the cooling-off right is applicable to you if you are an individual investor and are investing in any of our funds for the first time. However, if you are a staff of AHAM or a person registered with a body approved by the SC to deal in unit trust funds, you are not entitled to this right.</p>

14) How Do I Receive Income Distribution

Information Memorandum dated 5 August 2016.	Replacement Information Memorandum dated 10 November 2023
<p><None></p>	<p>You may elect the mode of distribution in cash payment or additional Units (by way of reinvestment) by ticking the appropriate column in the application form. You may also inform us at any time before the income distribution date of your wish of receiving cash payment or additional Units via reinvestment. All distribution will be automatically reinvested into additional Units in the Fund if you do not select the mode of distribution in the application form. Any distribution payable which is less than or equal to the amount of RM 300.00 would be automatically reinvested.</p> <p><i>Cash Payment Process</i> Income distribution by way of cash payment will be paid via telegraphic transfer. Income will be transferred to your bank account within seven (7) Business Days after the distribution date.</p> <p><i>Reinvestment Process</i> We will create the Units based on the NAV per Unit of the Fund at the income payment date which is within two (2) Business Days after the distribution date. There will not be any additional cost for reinvestments of those additional Units, i.e. no Sales Charge will be imposed on such reinvestment.</p>

15) **Suspension of Dealing in Units**

Information Memorandum dated 5 August 2016.	Replacement Information Memorandum dated 10 November 2023
<None>	<p>The Manager may, in consultation with the Trustee and having considered the interests of the Unit Holders, suspend the dealing in Units due to exceptional circumstances or such other circumstances as may be determined by the Manager, where there is good and sufficient reason to do so. The Manager will cease the suspension as soon as practicable after the exceptional circumstances have ceased, and in any event, within twenty-one (21) days from the commencement of suspension.</p> <p>The period of suspension may be extended if the Manager satisfies the Trustee that it is in the best interest of the Unit Holders for the dealing in Units to remain suspended, subject to a weekly review by the Trustee.</p> <p>The Trustee may suspend the dealing in Units, if the Trustee, on its own accord, considers that exceptional circumstances have been triggered. In such a case, the Trustee shall immediately call for a Unit Holders' meeting to decide on the next course of action</p>

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AHAM ABSOLUTE RETURN FUND III ("Fund")

We have acted as the Trustee of the Fund for the financial year ended 30 June 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AHAM Asset Management Berhad 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 Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

For TMF Trustees Malaysia Berhad
(Company No.: (200301008392 [610812-W])

Norhayati Binti Azit
Director – Fund Services

Kuala Lumpur
27 August 2024

AHAM ABSOLUTE RETURN FUND III

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

AHAM ABSOLUTE RETURN FUND III

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

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AHAM ABSOLUTE RETURN FUND III

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
INVESTMENT INCOME			
Dividend income		954,665	1,195,084
Interest income from financial assets at amortised cost		27,609	36,134
Interest income from financial assets at fair value through profit or loss		-	23,997
Net (loss)/gain on foreign currency exchange		(150,571)	267,213
Net gain on forward foreign currency contracts at fair value through profit or loss		-	239,916
Net gain/(loss) on financial assets at fair value through profit or loss	8	5,923,664	(294,161)
		<u>6,755,367</u>	<u>1,468,183</u>
EXPENSES			
Management fee	4	(668,945)	(840,275)
Trustee fee	5	(36,850)	(46,257)
Fund accounting fee	6	(12,000)	(13,000)
Auditors' remuneration		(9,000)	(9,000)
Tax agent's fee		(8,429)	(7,153)
Transaction costs		(281,346)	(219,468)
Other expenses		(163,172)	(103,640)
		<u>(1,179,742)</u>	<u>(1,238,793)</u>
NET PROFIT BEFORE TAXATION		5,575,625	229,390
Taxation	7	(107,780)	(233,655)
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u>5,467,845</u>	<u>(4,265)</u>
Net profit/(loss) after taxation is made up of the following:			
Realised amount		(1,486,471)	(4,589,598)
Unrealised amount		6,954,316	4,585,333
		<u>5,467,845</u>	<u>(4,265)</u>

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

AHAM ABSOLUTE RETURN FUND III

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
ASSETS			
Cash and cash equivalents	9	3,143,918	7,631,280
Amount due from Manager			
- management fee rebate receivable		6,346	8,028
Dividends receivable		77,671	84,687
Financial assets at fair value through profit or loss	8	60,950,989	71,677,437
Tax recoverable		83,527	43,979
TOTAL ASSETS		<u>64,262,451</u>	<u>79,445,411</u>
LIABILITIES			
Amount due to broker		699,624	-
Amount due to Manager			
- management fee		51,318	65,866
- cancellation of units		185,430	323,570
Amount due to Trustee		2,822	3,623
Fund accounting fee		1,000	1,000
Auditors' remuneration		9,000	9,000
Tax agent's fee		3,516	3,516
Other payables and accruals		11,608	11,993
TOTAL LIABILITIES		<u>964,318</u>	<u>418,568</u>
NET ASSET VALUE OF THE FUND		<u>63,298,133</u>	<u>79,026,843</u>
EQUITY			
Unit holders' capital		43,777,720	64,974,275
Retained earnings		19,520,413	14,052,568
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>63,298,133</u>	<u>79,026,843</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>84,768,000</u>	<u>116,513,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.7468</u>	<u>0.6783</u>

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

AHAM ABSOLUTE RETURN FUND III

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Unit holders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 July 2023	64,974,275	14,052,568	79,026,843
Total comprehensive income for the financial year	-	5,467,845	5,467,845
Movement in unit holders' capital:			
Cancellation of units	(21,196,555)	-	(21,196,555)
Balance as at 30 June 2024	<u>43,777,720</u>	<u>19,520,413</u>	<u>63,298,133</u>
Balance as at 1 July 2022	81,610,793	14,056,833	95,667,626
Total comprehensive loss for the financial year	-	(4,265)	(4,265)
Movement in unit holders' capital:			
Creation of units arising from applications	148,888	-	148,888
Cancellation of units	(16,785,406)	-	(16,785,406)
Balance as at 30 June 2023	<u>64,974,275</u>	<u>14,052,568</u>	<u>79,026,843</u>

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

AHAM ABSOLUTE RETURN FUND III

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		96,673,463	60,283,970
Purchase of investments		(79,641,608)	(62,695,668)
Receipts from margin accounts		-	2,051,982
Dividends received		785,730	1,076,092
Interest received		27,609	36,134
Management fee rebate received		95,152	101,087
Management fee paid		(683,493)	(853,602)
Trustee fee paid		(37,651)	(46,989)
Fund accounting fee paid		(12,000)	(12,000)
Payment for other fees and expenses		(61,969)	(58,151)
Realised gain on forward foreign currency contract		-	239,916
Net realised gain/(loss) on foreign currency exchange		37,622	(9,270)
Tax paid		(147,328)	(281,197)
		<u>17,035,527</u>	<u>(167,696)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		-	148,888
Payments for cancellation of units		(21,334,695)	(16,753,737)
		<u>(21,334,695)</u>	<u>(16,604,849)</u>
Net cash flows used in financing activities		<u>(21,334,695)</u>	<u>(16,604,849)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,299,168)	(16,772,545)
EFFECTS OF FOREIGN CURRENCY EXCHANGE		(188,194)	276,483
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>7,631,280</u>	<u>24,127,342</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	<u><u>3,143,918</u></u>	<u><u>7,631,280</u></u>

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

AHAM ABSOLUTE RETURN FUND III

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 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 year. 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 L.

- (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.

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.

AHAM ABSOLUTE RETURN FUND III

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

B INCOME RECOGNITION

Dividend income

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income on the ex-dividend date, when the right to receive the dividend has been established.

Interest income

Interest income from short-term deposits with licensed financial institutions are recognised based on effective interest rate method on an accrual basis.

Interest income is calculated by applying the effective interest 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 interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Realised gain and loss on sale of investments

For quoted equities, collective investment schemes ("CIS") and exchange-traded funds ("ETF"), realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

AHAM ABSOLUTE RETURN FUND III

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

C TRANSACTION COSTS

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include the bid-ask spread, fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

D TAXATION

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

Tax on investment income from foreign investments is based on the tax regime of the respective countries that the Fund invests in.

Withholding taxes on investment income from foreign investments are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not “income tax” in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

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 FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

G 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.

AHAM ABSOLUTE RETURN FUND III

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

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 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 securities 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 and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

Investments in CIS and ETF have contractual cash flows that do not represent SPPI, and therefore are classified as financial assets measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from Manager and dividends receivable 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 broker, amount due to Manager, amount due to Trustee, payables for fund accounting fee, auditors' remuneration, tax agent's fee and other payables and accruals as financial liabilities measured at amortised cost.

(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. Transaction costs are expensed in the statement of comprehensive income.

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.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category including the effects of foreign currency transactions are presented in the statement of comprehensive income within "net gain/(loss) on financial assets at fair value through profit and loss" in the year which they arise.

AHAM ABSOLUTE RETURN FUND III

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

Investments in CIS are valued at the last published net asset value (“NAV”) per unit at the date of the statement of financial position.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective interest 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.

AHAM ABSOLUTE RETURN FUND III

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

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:

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 reorganisation; 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 year.

H CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and short-term deposits held in highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

AHAM ABSOLUTE RETURN FUND III

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

I AMOUNT DUE FROM/(TO) BROKER

Amounts due from and to broker represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The due from broker balance is held for collection. Refer to Note G for accounting policy on recognition and measurement.

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

Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

J DERIVATIVE FINANCIAL INSTRUMENTS

A derivative financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Financial derivative positions will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument. Derivative instruments that have a positive fair value and negative fair value are presented as financial assets measured at fair value through profit or loss and financial liabilities measured at fair value through profit or loss, respectively.

The fair value of forward foreign currency contracts is determined using forward exchange rates at the statements of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as financial assets/liabilities measured at fair value through profit or loss.

AHAM ABSOLUTE RETURN FUND III

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

K UNIT HOLDERS' CAPITAL

The unit holders' 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 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 year if a unit holder exercises the right to put the unit back to the Fund.

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

L 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 of 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.

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 SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

(i) Fair value of collective investment scheme – foreign

The Fund invests in a collective investment scheme – foreign that is not quoted in active markets. Fair value of such investment is determined by using valuation techniques set out in Note 3 of the financial statements.

M REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

The analysis of realised and unrealised 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 ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

1 INFORMATION ON THE FUND

The Wholesale Fund was constituted under the name Affin Hwang Absolute Return Fund III (the "Fund") pursuant to the execution of a Deed dated 7 November 2014, First Supplemental Deed dated 3 August 2016, Second Supplemental Deed dated 14 June 2017 and Third Supplemental Deed dated 26 October 2023 ("the Deeds") entered into between AHAM Asset Management Berhad (the "Manager") and TMF Trustees Malaysia Berhad (the "Trustee"). The Fund has changed its name from name Affin Hwang Absolute Return Fund III to AHAM Absolute Return Fund III as amended in the Third Supplemental Deed dated 26 October 2023.

The Fund commenced operations on 18 November 2014 and will continue its operations until terminated by the Trustee as provided under Clause 12.1 of the Deed.

The Fund may invest in any of the following investments:

- (a) Equities and/or equity-linked instruments;
- (b) Debt securities;
- (c) Money market instruments;
- (d) Deposits;
- (e) Derivatives;
- (f) Embedded derivatives;
- (g) Units/shares in collective investment schemes; and
- (h) Any other form of investments as may be determined by the Manager from time to time that is in line with the Fund's objectives.

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 unit holders with long term capital appreciation.

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 27 August 2024.

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through profit <u>or loss</u> RM	<u>Total</u> RM
<u>2024</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	3,143,918	-	3,143,918
Amount due from Manager				
- management fee rebate receivable		6,346	-	6,346
Dividends receivable		77,671	-	77,671
Quoted equities	8	-	46,764,902	46,764,902
Collective investment schemes	8	-	8,690,520	8,690,520
Exchange-traded funds	8	-	5,495,567	5,495,567
Total		<u>3,227,935</u>	<u>60,950,989</u>	<u>64,178,924</u>
<u>Financial liabilities</u>				
Amount due to broker		699,624	-	699,624
Amount due to Manager				
- management fee		51,318	-	51,318
- cancellation of units		185,430	-	185,430
Amount due to Trustee		2,822	-	2,822
Fund accounting fee		1,000	-	1,000
Auditors' remuneration		9,000	-	9,000
Tax agent's fee		3,516	-	3,516
Other payables and accruals		11,608	-	11,608
Total		<u>964,318</u>	<u>-</u>	<u>964,318</u>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through profit <u>or loss</u> RM	<u>Total</u> RM
<u>2023</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	7,631,280	-	7,631,280
Amount due from Manager				
- management fee rebate receivable		8,028	-	8,028
Dividends receivable		84,687	-	84,687
Quoted equities	8	-	57,081,095	57,081,095
Collective investment schemes	8	-	10,506,686	10,506,686
Exchange-traded funds	8	-	4,089,656	4,089,656
Total		<u>7,723,995</u>	<u>71,677,437</u>	<u>79,401,432</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		65,866	-	65,866
- cancellation of units		323,570	-	323,570
Amount due to Trustee		3,623	-	3,623
Fund accounting fee		1,000	-	1,000
Auditors' remuneration		9,000	-	9,000
Tax agent's fee		3,516	-	3,516
Other payables and accruals		11,993	-	11,993
Total		<u>418,568</u>	<u>-</u>	<u>418,568</u>

The Fund is exposed to a variety of risks which include market risk (including price risk, interest rate risk and currency risk), credit risk, liquidity risk and capital 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 ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 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 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 investment portfolio.

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

	<u>2024</u> RM	<u>2023</u> RM
Quoted investments		
Quoted equities	46,764,902	57,081,095
Exchange-traded funds	5,495,567	4,089,656
Collective investment schemes	7,983,120	9,807,161
	<u>60,243,589</u>	<u>70,977,912</u>
Unquoted investments		
Collective investment scheme	<u>707,400</u>	<u>699,525</u>

The following table summarises the sensitivity of the Fund's profit/(loss) after taxation and NAV to price risk movement. The analysis is based on the assumptions that the market price increased by 5% (2023: 15%) and decreased by 5% (2023: 15%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on profit/(loss) after tax/NAV RM
<u>2024</u>		
-5%	57,903,440	(3,047,549)
0%	60,950,989	-
+5%	63,998,538	3,047,549
	<u> </u>	<u> </u>
<u>2023</u>		
-15%	60,925,821	(10,751,616)
0%	71,677,437	-
+15%	82,429,053	10,751,616
	<u> </u>	<u> </u>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

(b) Interest rate risk

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

The Fund's exposure to the interest rate risk is mainly confined to short-term placement with a financial institution. The Manager overcomes this exposure by way of maintaining deposits on short-term basis.

The Fund's exposure to interest rate risk associated with deposit with licensed financial institutions is not material as the deposits are held on a short-term basis.

(c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movement against Ringgit Malaysia, the investments will face currency losses in addition to the capital gain/(loss). The Manager will evaluate the likely directions of the foreign currency versus Ringgit Malaysia based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels and technical chart considerations.

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

The following table sets out the foreign currency risk concentrations and counterparties of the Fund:

	<u>Quoted equities</u> RM	Collective investment <u>scheme</u> RM	Exchange-traded <u>funds</u> RM	Cash and cash <u>equivalents</u> RM	Dividends <u>receivable</u> RM	<u>Total</u> RM
<u>2024</u>						
<u>Financial assets</u>						
Euro	-	-	-	4,699	-	4,699
Hong Kong Dollar	2,867,445	-	-	704,154	45,054	3,616,653
Indonesian Rupiah	1,781,951	-	-	-	-	1,781,951
Korean Won	2,531,305	-	-	-	-	2,531,305
Philippine Peso	-	-	-	375	-	375
Pound Sterling	3,583,714	-	-	2,812	-	3,586,526
Singapore Dollar	1,839,150	-	-	3,086	-	1,842,236
United States Dollar	30,828,874	707,400	5,495,567	837,900	32,617	37,902,358
	<u>43,432,439</u>	<u>707,400</u>	<u>5,495,567</u>	<u>1,553,026</u>	<u>77,671</u>	<u>51,266,103</u>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

The following table sets out the foreign currency risk concentrations and counterparties of the Fund: (continued)

	Amount due to broker RM	<u>Total</u> RM
<u>2024</u>		
<u>Financial liabilities</u>		
Hong Kong Dollar	699,624	699,624
	<u>699,624</u>	<u>699,624</u>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

The following table sets out the foreign currency risk concentrations and counterparties of the Fund: (continued)

	<u>Quoted equities</u> RM	Collective investment <u>scheme</u> RM	Exchange-traded <u>funds</u> RM	Cash and cash <u>equivalents</u> RM	Dividends <u>receivable</u> RM	<u>Total</u> RM
<u>2023</u>						
Australian Dollar	-	-	-	18,511	-	18,511
Chinese Yuan	1,296,060	-	-	341,752	-	1,637,812
Euro	-	-	-	54	-	54
Hong Kong Dollar	22,537,900	-	-	2,505,619	46,619	25,090,138
Korean Won	7,180,131	-	-	-	17,222	7,197,353
Philippine Peso	-	-	-	394	-	394
Singapore Dollar	4,639,209	-	-	47,287	-	4,686,496
Thai Baht	1,576,189	-	-	-	-	1,576,189
United States Dollar	13,085,354	699,525	4,089,656	254,412	20,846	18,149,793
	<u>50,314,843</u>	<u>699,525</u>	<u>4,089,656</u>	<u>3,168,029</u>	<u>84,687</u>	<u>58,356,740</u>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit/(loss) after tax and NAV to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes by each currency's respective historical volatility, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/(decrease) in foreign exchange rate will result in a corresponding increase/(decrease) in the net assets attributable to unit holders by each currency's respective historical volatility. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in rate %	Impact on profit/(loss) after tax/NAV RM
<u>2024</u>		
Euro	+/- 5.04	+/- 237
Hong Kong Dollar	+/- 5.28	+/- 3,579,720
Indonesian Rupiah	+/- 5.04	+/- 89,821
Korean Won	+/- 6.74	+/- 170,734
Philippine Peso	+/- 5.20	+/- 20
Pound Sterling	+/- 5.47	+/- 196,240
Singapore Dollar	+/- 3.35	+/- 61,758
United States Dollar	+/- 5.31	+/- 2,012,820
<u>2023</u>		
Australian Dollar	+/- 11.41	+/- 2,112
Chinese Yuan	+/- 5.63	+/- 92,134
Euro	+/- 8.09	+/- 4
Hong Kong Dollar	+/- 5.72	+/- 1,436,225
Korean Won	+/- 8.87	+/- 638,402
Philippine Peso	+/- 6.75	+/- 27
Singapore Dollar	+/- 4.47	+/- 209,472
Thai Baht	+/- 7.87	+/- 124,084
United States Dollar	+/- 5.82	+/- 1,056,582

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 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 interest, principals and proceeds from realisation of 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 deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

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

	Cash and cash <u>equivalents</u> RM	Other assets* RM	<u>Total</u> RM
<u>2024</u>			
Consumer Discretionary			
- Non-rated ("NR")	-	59,513	59,513
Financial Services			
- AAA	3,143,918	-	3,143,918
Health Care			
- NR	-	872	872
Technology			
- NR	-	17,286	17,286
Others			
- NR	-	6,346	6,346
	<u>3,143,918</u>	<u>84,017</u>	<u>3,227,935</u>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

Credit risk (continued)

The following table sets out the credit risk concentrations of the Fund: (continued)

	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2023</u>			
Consumer Discretionary			
- NR	-	12,521	12,521
Financial Services			
- AAA	7,631,280	-	7,631,280
Real Estate			
- NR	-	34,098	34,098
Technology			
- NR	-	38,068	38,068
Others			
- NR	-	8,028	8,028
	<u>7,631,280</u>	<u>92,715</u>	<u>7,723,995</u>

* Other assets consist of amount due from Manager and dividends receivable.

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 liquid assets to meet anticipated payments and cancellation of units by unit holders. Liquid assets comprise cash, deposits with licensed financial institutions and other 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.

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

Liquidity risk (continued)

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 broker	699,624	-	699,624
Amount due to Manager			
- management fee	51,318	-	51,318
- cancellation of units	185,430	-	185,430
Amount due to Trustee	2,822	-	2,822
Fund accounting fee	1,000	-	1,000
Auditors' remuneration	-	9,000	9,000
Tax agent's fee	-	3,516	3,516
Other payables and accruals	-	11,608	11,608
	<u>940,194</u>	<u>24,124</u>	<u>964,318</u>
<u>2023</u>			
Amount due to Manager			
- management fee	65,866	-	65,866
- cancellation of units	323,570	-	323,570
Amount due to Trustee	3,623	-	3,623
Fund accounting fee	1,000	-	1,000
Auditors' remuneration	-	9,000	9,000
Tax agent's fee	-	3,516	3,516
Other payables and accruals	-	11,993	11,993
	<u>394,059</u>	<u>24,509</u>	<u>418,568</u>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

Capital risk

The capital of the Fund is represented by equity consisting of unit holders' 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 unit holders. 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 unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

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 market (such as trading securities) is based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the bid price for financial assets which fall 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)

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.

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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				
- quoted equities	46,764,902	-	-	46,764,902
- collective investment schemes	7,983,120	-	707,400	8,690,520
- exchange-traded funds	5,495,567	-	-	5,495,567
	<u>60,243,589</u>	<u>-</u>	<u>707,400</u>	<u>60,950,989</u>
<u>2023</u>				
Financial assets at fair value through profit or loss				
- quoted equities	57,081,095	-	-	57,081,095
- collective investment schemes	9,807,161	-	699,525	10,506,686
- exchange-traded funds	4,089,656	-	-	4,089,656
	<u>70,977,912</u>	<u>-</u>	<u>699,525</u>	<u>71,677,437</u>

Investments whose values are based on quoted and published market prices in active markets, and are therefore classified within Level 1, include active listed equities, CIS and ETF. The Fund does not adjust the quoted and published prices for these instruments.

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

Level 3 instruments

Investment classified within Level 3 make use of significant unobservable inputs in deriving fair value, as they trade infrequently. As observable prices are not available for these securities, the Fund has used valuation techniques to derive the fair value.

In assessing fair value of Sotella Fund Pte Ltd (“Sotella Fund”) Redeemable Preference Shares (“RPS”), the valuation assessments are performed by Camelot Trust Pte Ltd, the Sotella Fund’s fund administrator who reports to the Manager on a weekly basis.

As at 30 June 2024 and 2023, the fair value of Sotella Fund RPS are measured at fair value equivalent to the aggregate cost which are essentially asset-backed private debt. In this case, the assets underlying the debt comprises land assets.

As with most fixed-income-like securities, the fair value of Sotella Fund RPS may be calculated using the discounted value of its cash flows, and which is largely predicated on the discount rate used. As a manner of approach and prudence, any calculated gains above par are not captured as unrealised gains.

In addition, an annual market value check is undertaken on the underlying asset through an independent third-party assessment for the land pieces held in lien by Sotella Fund.

The Sotella Fund RPS is currently undergoing legal proceedings as initiated by the manager of Sotella Fund, Lyra Capital Pte Ltd, as the counterparty has defaulted on its obligations.

With the above, the Manager has taken a prudent approach where the fair value of Sotella Fund RPS is equivalent to the aggregate cost as at 30 June 2024 as disclosed in Note 8(d) of the financial statements.

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

4 MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a management fee at a rate not exceeding 5.00% per annum on the NAV of the Fund, calculated on a daily basis.

For the financial year ended 30 June 2024, the management fee is recognised at a rate of 1.00% per annum (2023: 1.00%) on the NAV of the Fund, calculated on a daily basis.

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

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

5 TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to an annual fee at a rate not exceeding 0.10% per annum on the NAV of the Fund, exclusive of foreign custodian fees.

For the financial year ended 30 June 2024, the Trustee fee is recognised at a rate of 0.055% (2023: 0.055%) per annum on the NAV of the Fund, calculated on a daily basis, exclusive of foreign custodian fees as stated in the Information Memorandum.

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

6 FUND ACCOUNTING FEE

The fund valuation and accounting fee for the Fund is RM12,000 (2023: RM13,000) during the financial year.

7 TAXATION

	<u>2024</u> RM	<u>2023</u> RM
Current taxation	94,977	233,655
Under provision of taxation in prior year	12,803	-
	<u>107,780</u>	<u>233,655</u>

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

	<u>2024</u> RM	<u>2023</u> RM
Net profit before taxation	<u>5,575,625</u>	<u>229,390</u>
Tax at Malaysian statutory tax rate of 24% (2023: 24%)	1,338,150	55,054
Tax effects of:		
Investment income not subject to tax	(1,526,311)	(118,709)
Expenses not deductible for tax purposes	120,191	93,244
Restrictions on tax deductible expenses for Wholesale Fund	162,947	204,066
Under provision of taxation in prior year	12,803	-
Tax expense	<u>107,780</u>	<u>233,655</u>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2024</u> RM	<u>2023</u> RM
Financial assets at fair value through profit or loss:		
- quoted equities – local	3,332,463	6,766,252
- quoted equities – foreign	43,432,439	50,314,843
- collective investment schemes – local	7,983,120	9,807,161
- collective investment scheme – foreign	707,400	699,525
- exchange-traded funds – foreign	5,495,567	4,089,656
	<u>60,950,989</u>	<u>71,677,437</u>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- realised loss on sale of investments	(1,312,316)	(4,703,570)
- unrealised gain on changes in fair value	7,142,510	4,308,851
- management fee rebate on collective investment schemes #	93,470	100,558
	<u>5,923,664</u>	<u>(294,161)</u>

In arriving at the fair value of collective investment schemes, the management fee initially paid to the Manager of collective investment schemes has been considered as part of its NAV. In order to prevent the double charging of management fee, management fee charged on the Fund's investment in a collective investment schemes has been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment schemes is reflected as an increase in the NAV of the collective investment schemes.

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

(a) Quoted equities – local

(i) Quoted equities – local as at 30 June 2024 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Energy</u> Yinson Holdings Bhd	395,100	773,237	920,583	1.45
<u>Financial Services</u> Malayan Banking Bhd	242,400	2,175,136	2,411,880	3.81
Total quoted equities – local	637,500	2,948,373	3,332,463	5.26
Accumulated unrealised gain on quoted equities – local		384,090		
Total quoted equities – local		3,332,463		

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 30 June 2023 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Energy</u>				
Yinson Holdings Bhd	2,390,600	4,678,564	6,096,031	7.71
<u>Technology</u>				
AwanBiru Technology Bhd	1,131,933	685,969	458,433	0.58
<u>Warrant</u>				
Yinson Holdings Bhd - Warrant	336,171	-	211,788	0.27
Total quoted equities – local	3,858,704	5,364,533	6,766,252	8.56
Accumulated unrealised gain on quoted equities – local		1,401,719		
Total quoted equities – local		6,766,252		

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

(b) Quoted equities – foreign

(i) Quoted equities - foreign as at 30 June 2024 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
<u>Consumer Discretionary</u> Samsonite International SA	108,440	1,676,928	1,525,845	2.41
<u>Technology</u> ASM Pacific Technology Ltd	20,400	1,303,524	1,341,600	2.12
<u>Indonesia</u>				
<u>Financial Services</u> Bank Central Asia Tbk PT	625,200	1,710,482	1,781,951	2.82
<u>South Korea</u>				
<u>Technology</u> SK Hynix Inc	3,131	1,527,836	2,531,305	4.00
<u>Singapore</u>				
<u>Financial Services</u> DBS Group Holdings Ltd	14,769	1,607,437	1,839,150	2.91
<u>Taiwan</u>				
<u>Technology</u> Taiwan Semiconductor Manufacturing Co Ltd	6,504	3,099,528	5,331,864	8.42
<u>United Kingdom</u>				
<u>Consumer Discretionary</u> Compass Group PLC	13,507	1,694,888	1,740,383	2.75

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities - foreign as at 30 June 2024 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>United Kingdom (continued)</u>				
<u>Health Care</u>				
Haleon PLC	95,787	1,892,913	1,843,331	2.91
<u>United States of America</u>				
<u>Consumer Discretionary</u>				
Amazon.com Inc	2,152	1,503,928	1,962,175	3.10
D.R. Horton Inc	1,750	1,259,849	1,162,353	1.84
Lululemon Athletica Inc	456	690,840	641,643	1.01
Marriott International Inc	555	583,594	632,516	1.00
On Holding AG	3,011	620,292	550,955	0.87
	7,924	4,658,503	4,949,642	7.82
<u>Consumer Staples</u>				
Cencora Inc	1,927	2,016,450	2,047,466	3.23
<u>Financial Services</u>				
Aon PLC - Class A	674	920,177	932,533	1.47
HDFC Bank Ltd American Depositary Receipts ("ADR")	6,110	1,889,976	1,853,942	2.93
ICICI Bank Ltd ADR	14,462	1,677,125	1,965,604	3.11
	21,246	4,487,278	4,752,079	7.51
<u>Health Care</u>				
Thermo Fisher Scientific Inc	677	1,787,359	1,763,537	2.79
<u>Industrials</u>				
American Express Company	1,091	918,221	1,191,927	1.88
Corpay Inc	875	1,150,598	1,099,300	1.74
CRH Public Limited Company	3,230	1,190,596	1,145,193	1.81
	5,196	3,259,415	3,436,420	5.43

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities - foreign as at 30 June 2024 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>United States of America</u> (continued)				
<u>Technology</u>				
Apple Inc.	912	922,371	904,628	1.43
Broadcom Inc	237	1,365,803	1,794,477	2.83
Meta Platforms Inc	533	877,838	1,266,592	2.00
Micron Technology Inc	1,533	908,925	950,696	1.50
Microsoft Corporation	1,273	2,236,208	2,682,169	4.24
Western Digital Corporation	2,657	935,343	949,304	1.50
	<u>7,145</u>	<u>7,246,488</u>	<u>8,547,866</u>	<u>13.50</u>
Total quoted equities – foreign	<u>931,853</u>	<u>37,969,029</u>	<u>43,432,439</u>	<u>68.62</u>
Accumulated unrealised gain on quoted equities – foreign		<u>5,463,410</u>		
Total quoted equities – foreign		<u>43,432,439</u>		

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities - foreign as at 30 June 2023 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>China</u>				
<u>Consumer Discretionary</u>				
China Tourism Group Duty Free Co Ltd	13,940	1,539,673	878,514	1.11
<u>Health Care</u>				
Shenzhen Mindray Bio-Medical Electronics Co Ltd	6,730	1,352,022	1,296,060	1.64
<u>Hong Kong</u>				
<u>Basic Materials</u>				
Ganfeng Lithium Co Ltd	27,590	912,311	839,001	1.06
<u>Consumer Discretionary</u>				
Alibaba Group Holding Ltd	72,380	4,205,361	3,497,555	4.43
Li Ning Company Ltd	83,710	2,732,912	2,097,246	2.65
Samsonite International SA	67,710	893,010	890,502	1.13
	223,800	7,831,283	6,485,303	8.21
<u>Consumer Staples</u>				
Budweiser Brewing Company APAC	170,000	2,072,943	2,038,515	2.58
China Mengniu Dairy Co Ltd	131,900	2,911,976	2,315,564	2.93
Vinda International Holdings	20,810	258,856	240,250	0.30
	322,710	5,243,775	4,594,329	5.81
<u>Financial Services</u>				
AIA Group Ltd	77,800	3,669,950	3,662,234	4.63
<u>Real Estate</u>				
Link REIT	48,231	1,606,608	1,248,549	1.58

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities - foreign as at 30 June 2023 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong (continued)</u>				
<u>Technology</u>				
Meituan	12,960	1,274,390	942,467	1.19
Tencent Holdings Ltd	19,700	4,222,129	3,887,503	4.92
	<u>32,660</u>	<u>5,496,519</u>	<u>4,829,970</u>	<u>6.11</u>
<u>South Korea</u>				
<u>Health Care</u>				
Hugel Inc	2,050	989,141	797,139	1.01
	<u>2,050</u>	<u>989,141</u>	<u>797,139</u>	<u>1.01</u>
<u>Technology</u>				
Samsung Electro-Mechanics Co Ltd	3,566	1,743,417	1,821,927	2.31
Samsung Electronics Co Ltd	13,869	3,012,049	3,542,948	4.48
SK Hynix Inc	2,500	809,636	1,018,117	1.29
	<u>19,935</u>	<u>5,565,102</u>	<u>6,382,992</u>	<u>8.08</u>
<u>Singapore</u>				
<u>Financial Services</u>				
United Overseas Bank Ltd	12,430	1,204,126	1,195,568	1.52
Vertex Technology Acquisition Corporation Ltd	36,300	558,584	580,250	0.73
	<u>48,730</u>	<u>1,762,710</u>	<u>1,775,818</u>	<u>2.24</u>
<u>Real Estate</u>				
CapitalLand Integrated Commercial Trust	438,000	2,930,437	2,860,771	3.62
	<u>438,000</u>	<u>2,930,437</u>	<u>2,860,771</u>	<u>3.62</u>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities - foreign as at 30 June 2023 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Singapore (continued)</u>				
<u>Warrant</u>				
Vertex Technology Acquisition Corporation Ltd - Warrant	10,890	-	2,620	-
<u>Taiwan</u>				
<u>Technology</u>				
Taiwan Semiconductor Manufacturing Co Ltd	12,643	5,540,710	5,948,538	7.54
<u>Thailand</u>				
<u>Health Care</u>				
CP ALL PCL	191,650	1,641,197	1,576,189	1.99
<u>United States of America</u>				
<u>Consumer Discretionary</u>				
Amazon.com Inc	3,553	1,921,418	2,158,663	2.73
<u>Industrials</u>				
Berry Global Group Inc	6,523	1,749,680	1,956,615	2.48
<u>Technology</u>				
Microsoft Corporation	1,904	1,019,753	3,021,538	3.82
Total quoted equities – foreign	1,489,339	50,772,289	50,314,843	63.67
Accumulated unrealised loss on quoted equities – foreign		(457,446)		
Total quoted equities – foreign		50,314,843		

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

(c) Collective investment schemes – local

(i) Collective investment schemes – local as at 30 June 2024 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
AHAM INR Flexi Fund *	1,225,552	1,667,562	1,910,390	3.02
AHAM TWD Flexi Fund *	1,792,000	4,634,314	6,072,730	9.59
	<hr/>	<hr/>	<hr/>	<hr/>
Total collective investment schemes – local	3,017,552	6,301,876	7,983,120	12.61
	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
Accumulated unrealised gain on collective investment schemes – local		1,681,244		
		<hr/>		
Total collective investment schemes – local		7,983,120		
		<hr/> <hr/>		

(ii) Collective investment schemes – local as at 30 June 2023 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
AHAM INR Flexi Fund *	3,379,000	4,585,303	4,601,184	5.82
AHAM TWD Flexi Fund *	2,098,000	5,425,664	5,205,977	6.59
	<hr/>	<hr/>	<hr/>	<hr/>
Total collective investment schemes – local	5,477,000	10,010,967	9,807,161	12.41
	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
Accumulated unrealised loss on collective investment schemes – local		(203,806)		
		<hr/>		
Total collective investment schemes – local		9,807,161		
		<hr/> <hr/>		

* Managed by the Manager

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

(d) Collective investment scheme – foreign

(i) Collective investment scheme – foreign as at 30 June 2024 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
Sotella Fund Pte. Ltd Class A1 - USD *	3	665,550	707,400	1.12
	<hr/>	<hr/>	<hr/>	<hr/>
Total collective investment scheme – foreign	3	665,550	707,400	1.12
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Accumulated unrealised gain on collective investment scheme – foreign		41,850		
		<hr/>		
Total collective investment scheme – foreign		707,400		
		<hr/> <hr/>		

(ii) Collective investment scheme – foreign as at 30 June 2023 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
Sotella Fund Pte. Ltd Class A1 - USD *	3	665,550	699,525	0.89
	<hr/>	<hr/>	<hr/>	<hr/>
Total collective investment scheme – foreign	3	665,550	699,525	0.89
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Accumulated unrealised gain on collective investment scheme – foreign		33,975		
		<hr/>		
Total collective investment scheme – foreign		699,525		
		<hr/> <hr/>		

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

(d) Collective investment scheme – foreign (continued)

*Sotella Fund Pte Ltd (“Sotella Fund”) Redeemable Preference Shares (“RPS”)

Sotella Fund RPS is currently undergoing legal proceedings initiated by the manager of Sotella Fund, Lyra Capital Pte Ltd. The counterparty of the Sotella Fund has defaulted on its obligations and legal proceedings have concurrently been initiated to exercise the rights of the fund to recover amounts owing. These rights include a lienholder’s caveat on parcels of land acting as security of the Sotella Fund, as well as an undertaking by the parent companies of the counterparty.

Firstly, the litigation under the Memorandum of Deposit which entails the transfer of 4 parcels of land held in lien. Judgement has been passed by the courts in February 2024 to compel the transfer of land to Sotella / its nominees. To that effect, Sotella has established its nominee to accept the transfer of land and is in progress of the transfer process. Whilst the defendants have appealed the judgement, the courts have not granted a stay (pause) on the judgement. The second legal track is the litigation under the Deed of Undertaking which has commenced in July 2024, and expected to complete in November 2024. This entails the requirement for shareholders of the defaulting party to take necessary steps to meet the obligations of the defaulted party. Lastly, the dispute will also be undergoing arbitration at the Asian International Arbitration Centre, which is scheduled to take place in December 2024.

The Manager will continue to monitor ongoing progress with inputs from the manager of Sotella Fund as well as the appointed solicitor in the Manager’s assessment of the recoverability of the investment.

In the current case of Sotella Fund RPS, the Manager will continue to value the investment at cost or at par due to the following reasons:-

1. The current collateral is valued at RM125 million based on the professional valuation report dated 17 May 2024. As the valuation report is very recently done and remains current, the Manager will take the market value as good.
2. The collateral is currently in the process of being transferred to Sotella Fund RPS nominees. The manager of Sotella has identified and is in the process of engaging a property agent to begin the sale process, expected to commence at the end of August or early September 2024.
3. The recovery of the RPS principal amount invested will be from the sale of the four pieces of land and the additional assets to be provided by the defendants from the remaining two legal proceedings.

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

(e) Exchange-traded funds – foreign

(i) Exchange-traded funds – foreign as at 30 June 2024 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
Alerian MLP ETF	10,955	2,458,135	2,475,728	3.91
Energy Select Sector SPDR	4,097	1,660,625	1,761,537	2.78
WisdomTree India Earnings Fund	5,531	1,239,042	1,258,302	1.99
	<hr/>	<hr/>	<hr/>	<hr/>
Total exchange-traded funds – foreign	20,583	5,357,802	5,495,567	8.68
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Accumulated unrealised gain on exchange-traded funds – foreign		137,765		
		<hr/>		
Total exchange-traded funds – foreign		5,495,567		
		<hr/> <hr/>		

(ii) Exchange-traded funds – foreign as at 30 June 2023 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
Global X Uranium ETF	15,889	1,863,033	1,607,934	2.03
iShares 20+ Year Treasury Bond ETF	109,814	2,435,217	2,481,722	3.14
	<hr/>	<hr/>	<hr/>	<hr/>
Total exchange-traded funds – foreign	125,703	4,298,250	4,089,656	5.17
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Accumulated unrealised loss on exchange-traded funds – foreign		(208,594)		
		<hr/>		
Total exchange-traded funds – foreign		4,089,656		
		<hr/> <hr/>		

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

9 CASH AND CASH EQUIVALENTS

	<u>2024</u> RM	<u>2023</u> RM
Cash and bank balances	1,577,241	3,187,159
Deposits with licensed financial institutions	1,566,677	4,444,121
	<u>3,143,918</u>	<u>7,631,280</u>

Weighted average effective interest rates per annum of deposits with licensed financial institutions are as follows:

	<u>2024</u> %	<u>2023</u> %
Deposits with licensed financial institutions	<u>3.00</u>	<u>3.00</u>

Deposits with licensed financial institutions has an average remaining maturity period of 1 day (2023: 3 days).

10 NUMBER OF UNITS IN CIRCULATION

	<u>2024</u> No. of units	<u>2023</u> No. of units
At the beginning of the financial year	116,513,000	141,498,000
Creation of units arising from applications	-	229,000
Cancellation of units	(31,745,000)	(25,214,000)
At the end of the financial year	<u>84,768,000</u>	<u>116,513,000</u>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

11 TRANSACTIONS WITH BROKERS/DEALERS

- (i) Details of transactions with the top 10 brokers and dealers for the financial year ended 30 June 2024 are as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>	<u>Brokerage fees RM</u>	<u>Percentage of total brokerage fees %</u>
Robert W. Baird & Co.	55,022,302	31.08	10,277	5.66
CLSA Ltd	22,809,413	12.89	33,612	18.50
Alliance Bernstein (Singapore) Ltd	14,919,822	8.43	4,077	2.24
Bank of America Merrill Lynch	12,328,008	6.97	23,324	12.84
Macquarie Capital Securities Ltd	8,286,326	4.68	7,464	4.11
Flow Traders	6,095,843	3.44	-	-
Macquarie Bank Ltd Hong Kong Branch	4,378,955	2.47	3,008	1.66
AHAM Asset Management Bhd*	4,217,552	2.38	-	-
Maybank Investment Bank Bhd	4,149,951	2.34	10,375	5.71
Instinet Pacific Ltd	4,111,517	2.32	10,365	5.70
Others*	40,709,463	23.00	79,169	43.58
	<u>177,029,152</u>	<u>100.00</u>	<u>181,671</u>	<u>100.00</u>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

11 TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

(ii) Details of transactions with the top 10 brokers and dealers for the financial year ended 30 June 2023 are as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
CLSA Ltd	17,450,382	15.53	33,462	22.11
Robert W. Baird & Co.	13,815,312	12.29	3,949	2.61
Flow Traders	9,623,695	8.56	-	-
AHAM Asset Management Bhd*	7,868,489	7.00	-	-
DBS Bank Limited	7,538,660	6.71	-	-
Macquarie Capital Securities Ltd	6,037,933	5.37	11,491	7.59
Bank of America Merrill Lynch	5,507,936	4.90	14,163	9.36
Jefferies International Ltd	5,070,879	4.51	6,440	4.25
CLSA Securities Korea Ltd	4,296,661	3.82	10,742	7.10
Alliance Bernstein (Singapore) Ltd	3,591,364	3.20	5,601	3.70
Others*	31,587,425	28.11	65,513	43.28
	<u>112,388,736</u>	<u>100.00</u>	<u>151,361</u>	<u>100.00</u>

* Included in transactions with brokers and dealers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, the former immediate holding company of the Manager, and AHAM Asset Management Berhad, the Manager amounting to RM1,950,384 and RM4,217,552 (2023: RM784,238 and RM7,868,489), respectively. The Manager is of the opinion that all transactions with the former immediate holding company of the Manager and the Manager have been entered in the normal course of business at agreed terms between the related parties.

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 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 and former ultimate holding corporate body of the Manager
Affin Bank Berhad ("ABB")	Former penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Former immediate holding company 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
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiaries and associated companies of the former penultimate holding company of the Manager
Directors of AHAM Asset Management Berhad	Directors of the Manager

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

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

The number of units held by the Manager as at the end of the financial year are as follows:

	<u>2024</u>		<u>2023</u>	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
AHAM Asset Management Berhad (The units are held legally for booking purposes)	<u>3,488</u>	<u>2,605</u>	<u>3,269</u>	<u>2,217</u>

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

13 TOTAL EXPENSE RATIO ("TER")

	<u>2024</u>	<u>2023</u>
	%	%
TER	<u>1.16</u>	<u>1.14</u>

TER is derived from the following calculation:

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

A	=	Management fee, excluding management fee rebate
B	=	Trustee fee
C	=	Fund accounting fee
D	=	Auditors' remuneration
E	=	Tax agent's fee
F	=	Other expenses, excluding sales and service tax on transaction costs and withholding tax
G	=	Average NAV of Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM66,997,780 (2023: RM84,104,090).

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED)

14 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2024</u>	<u>2023</u>
PTR (times)	<u>1.33</u>	<u>0.76</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM80,237,847 (2023: RM62,554,189)
total disposal for the financial year = RM98,160,553 (2023: RM65,277,287)

AHAM ABSOLUTE RETURN FUND III

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 47 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 30 June 2024 and of its financial performance, changes in equity and cash flows for the financial year ended 30 June 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
27 August 2024

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF AHAM ABSOLUTE RETURN FUND III

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of AHAM Absolute Return Fund III (“the Fund”) give a true and fair view of the financial position of the Fund as at 30 June 2024, and of its financial performance and its cash flows for the financial year then ended 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 30 June 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 1 to 47.

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.

Emphasis of matter

We draw attention to Note 8 to the financial statements, which describes the status of the Fund's investment in the collective investment scheme of which the counterparty of its sole investment in the redeemable preference shares has defaulted. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT
TO THE UNIT HOLDERS OF AHAM ABSOLUTE RETURN FUND III (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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 UNIT HOLDERS OF AHAM ABSOLUTE RETURN FUND III (CONTINUED)

REPORT ON 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 Funds'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 UNIT HOLDERS OF AHAM ABSOLUTE RETURN FUND III (CONTINUED)**

OTHER MATTERS

This report is made solely to the unit holders 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
27 August 2024**

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