



ANNUAL REPORT
30 June 2025

AHAM Absolute Return Fund III

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

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

Built On Trust

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AHAM ABSOLUTE RETURN FUND III

**Annual Report and Audited Financial Statements
For the Financial Year Ended 30 June 2025**

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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 2025 (%)	As at 30 Jun 2024 (%)	As at 30 Jun 2023 (%)
Portfolio composition			
Quoted equities – local			
- Energy	-	1.45	7.71
- Financial Services	-	3.81	-
- Technology	-	-	0.58
- Warrant	-	-	0.27
Total quoted equities – local	-	5.26	8.56
Quoted equities – foreign			
- Basic Materials	-	-	1.06
- Consumer Discretionary	12.08	12.98	12.05
- Consumer Staples	6.85	3.23	5.81
- Financial Services	12.10	13.23	6.87
- Health Care	9.22	5.70	4.64
- Industrials	3.68	5.43	2.48
- Real estate	-	-	5.20
- Technology	17.35	28.05	25.54
- Utilities	3.17	-	-
Total quoted equities – foreign	64.45	68.62	63.65
Collective investment schemes – local	13.32	12.61	12.41
Collective investment scheme – foreign	1.20	1.12	0.89
Exchange-traded funds – foreign	15.02	8.68	5.17
Cash & cash equivalents	6.01	3.71	9.32
Total	100.00	100.00	100.00
Total NAV (RM'million)	52.559	63.298	79.027
NAV per Unit (RM)	0.7236	0.7468	0.6783
Unit in Circulation (million)	72.631	84.768	116.513
Highest NAV	0.7631	0.7500	0.7028
Lowest NAV	0.6594	0.6310	0.6134
Return of the Fund (%)	-3.09	10.08	0.33
- Capital Growth (%)	-3.09	10.08	0.33
- 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	1.16	1.14
Portfolio Turnover Ratio (times) ²	0.72	1.33	0.76

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 unchanged during the financial year under review.

² The PTR of the Fund was lower than previous year due to lower 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 2025.

Income Distribution Breakdown

No income distribution were declared for the financial year ended 30 June 2025.

Fund Performance

Average Total Return ended 30 June 2025

1 Year	3 Years	5 Years
(3.09%)	2.29%	(0.11%)

Annual Total Return for the Financial Year ended 30 June

2025	2024	2023	2022	2021
(3.09%)	10.08%	0.33%	(19.99%)	16.12%

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 2024 to 30 June 2025)

The Fund has registered a return of 44.72% since commencement compared to the benchmark return of 125.52%, underperforming by 80.80%. For the financial year ended 30 June 2025 (1 July 2024 to 30 June 2025), the Fund registered a -3.09% return compared to the benchmark return of 8.00%. The Fund thus underperformed the benchmark by 11.09%. The Net Asset Value per unit ("NAV") of the Fund as at 30 June 2025 was MYR0.7236 while the NAV as at 30 June 2024 was MYR0.7468.

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 financial year under review, please refer to Fund's Performance Data.

As at 30 June 2025, the Fund's equity portion comprised entirely of foreign equities, accounting for 64.45% of its equity holdings. The Manager has also allocated 13.32% in local collective investment schemes, 1.20% in foreign collective investment scheme and 15.02% 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.

Market Review

Global equity markets delivered a resilient performance over the year, supported by improving investor sentiment on potential United States (“U.S.”) Federal Reserve (“Fed”) rate cuts and easing geopolitical risks. In the U.S., the Standard & Poor’s (“S&P”) 500 gained 3.4% in the latest quarter to close at 6,173 points, rebounding 23% from its April low and bringing the year-to-date gain to 5.6%. The rally was driven by optimism over Fed policy easing and progress in U.S.–China trade discussions, despite the absence of concrete agreements.

Inflationary pressures remain contained, with the Fed’s preferred gauge the Personal Consumption Expenditures (“PCE”) price index showing headline inflation at 2.3% and core inflation at 2.6%. Although the May reading factored in some early tariff effects, the Fed views current levels as manageable. Monetary policy expectations have shifted decisively, with bond markets now pricing in over two rate cuts by year-end.

In Asia, the Morgan Stanley Capital International (“MSCI”) Asia ex-Japan index climbed 3.3% during the recent period, with Hong Kong and Taiwan among the top performers, benefiting from improved sentiment and select trade optimism. However, trade tensions persisted, as the U.S. July 9 tariff deadline approached without a finalised agreement. While the U.S. administration hinted at a framework with China, details remained limited. China’s potential resumption of rare earth exports to the U.S. was a positive sign for sectors reliant on high-tech inputs.

Geopolitical risks in the Middle East eased following a ceasefire between Iran and Israel, contributing to a sharp 12% drop in Brent crude prices to United States Dollar (“USD”) 67 per barrel.

On the Malaysian front, the FTSE Bursa Malaysia Kuala Lumpur Composite Index (“FBM KLCI”) gained 1.7% in the latest week, in line with regional markets. Positive momentum was seen in utilities, underpinned by the upcoming Large Scale Solar 5+ (“LSS5+”) project awards and capital expenditure plans by Tenaga Nasional Berhad (“TNB”). Corporate activity was also robust, with Kumpulan Perubatan Johor (“KPJ”) Healthcare entering into a RM240 million sale and leaseback deal and IGB Berhad announcing the injection of Southkey Mall into IGB Real Estate Investment Trust (“REIT”) for RM2.65 billion. Gamuda reported results below expectations, but reaffirmed its sizeable RM40–45 billion order book guidance.

Regional credit markets were well supported, with spreads remaining stable in both investment grade (“IG”) and high-yield (“HY”) segments. Primary issuance was active, led by Korean corporates, Chinese local government financing vehicles, and Japanese financials. Notable transactions included Nomura’s USD AT1 issuance priced at 7% and Sembcorp Industries’ 20.5-year Singapore Dollar (“SGD”) senior note at 3.55%.

Domestic bonds rallied on softer-than-expected inflation data. The Malaysian Government Securities (“MGS”) curve bull-steepened, with yields falling 2–10 basis points (“bps”) in the short to mid-tenor range, supported by strong demand in the 10-year MGS auction (Bid-to-Cover (“BTC”) ratio of 3x). Headline Consumer Price Index (“CPI”) eased to 1.2% year-over-year (“y-o-y”) in May, its lowest in over four years, while core CPI moderated to 1.8%. The benign inflation backdrop has strengthened expectations for a 25 bps Overnight Policy Rate (“OPR”) cut in second half 2025 (“2H25”).

Investment Outlook

Looking ahead, we remain cautiously constructive on global equities. While the near-term outlook is supported by the prospect of Fed rate cuts and a potential first-phase trade deal between the U.S. and China, the policy landscape remains fluid. The proposed “Big Beautiful Bill” by President Trump, which is expected to add approximately USD 3.3 trillion in additional U.S. debt, could have long-term implications for fiscal sustainability and market volatility. Meanwhile, the July 9 tariff deadline presents a binary risk — failure to secure a clear agreement could weigh on trade-sensitive sectors, while any easing of tariffs would be a positive catalyst for global manufacturing and technology supply chains.

In Malaysia, government policy direction will be pivotal. The LSS5+ solar awards, ongoing infrastructure spending, and corporate restructuring in key sectors could provide structural tailwinds to domestic equities. On the monetary side, a potential OPR cut in 2H 2025 would support domestic demand and liquidity, although this could modestly weigh on the ringgit. The utilities, infrastructure, and consumer sectors are expected to be key beneficiaries of supportive fiscal and energy transition policies.

In fixed income, we maintain a preference for quality credits and sovereign bonds, particularly in the medium-duration space, as slowing global growth and accommodative central bank policies create a favourable environment for fixed income returns. While spreads remain tight, we continue to exercise discipline in credit selection, with a focus on issuers demonstrating strong balance sheets and defensive cash flows.

Overall, portfolio positioning will remain balanced, with selective equity exposure to beneficiaries of Artificial Intelligence-driven ("AI")-driven demand, renewable energy transition, and domestic policy support, complemented by fixed income allocations designed to preserve capital and capture yield opportunities in a moderating interest rate environment.

State of Affairs of the Fund

The Fund's investment into Sotella RPS, a foreign collective investment scheme, 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 four parcels of land held in lien. Judgement has been passed by the courts in February 2025 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. The defendants have appealed the judgement which will be heard by the Court of Appeal on 29 September 2025. The second legal track is the litigation under the Deed of Undertaking which legal proceedings completed in July 2025, with a decision by the High Court due in September 2025. 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, with proceedings completed in June 2025 with the tribunal expected to deliver its final award by September 2025.

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 financial year.

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

No changes were made to the Fund's Information Memorandum over the financial year under review.

TRUSTEE’S REPORT

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

We have acted as Trustee of the Fund for the financial year ended 30 June 2025 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AHAM Asset Management Berhad has operated and managed the Fund during the financial 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 SC’s 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 2025

AHAM ABSOLUTE RETURN FUND III

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

AHAM ABSOLUTE RETURN FUND III

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

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AHAM ABSOLUTE RETURN FUND III

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
INVESTMENT (LOSS)/INCOME			
Dividend income		898,827	954,665
Interest income from financial assets at amortised cost		10,591	27,609
Net loss on foreign currency exchange		(242,912)	(150,571)
Net (loss)/gain on financial assets at fair value through profit or loss	8	(1,715,064)	5,923,664
		<u>(1,048,558)</u>	<u>6,755,367</u>
EXPENSES			
Management fee	4	(557,074)	(668,945)
Trustee fee	5	(30,659)	(36,850)
Fund accounting fee	6	(12,000)	(12,000)
Auditors' remuneration		(9,000)	(9,000)
Tax agent's fee		(8,094)	(8,429)
Transaction costs		(124,878)	(281,346)
Other expenses		(156,791)	(163,172)
		<u>(898,496)</u>	<u>(1,179,742)</u>
NET (LOSS)/PROFIT BEFORE TAXATION		(1,947,054)	5,575,625
Taxation	7	-	(107,780)
NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		<u>(1,947,054)</u>	<u>5,467,845</u>
Net (loss)/profit after taxation is made up of the following:			
Realised amount		503,067	(1,486,471)
Unrealised amount		(2,450,121)	6,954,316
		<u>(1,947,054)</u>	<u>5,467,845</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 2025

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
ASSETS			
Cash and cash equivalents	9	3,963,868	3,143,918
Amount due from broker		259,011	-
Amount due from Manager			
- management fee rebate receivable		5,510	6,346
Dividends receivable		39,216	77,671
Financial assets at fair value through profit or loss	8	49,405,703	60,950,989
Tax recoverable		111,857	83,527
TOTAL ASSETS		<u>53,785,165</u>	<u>64,262,451</u>
LIABILITIES			
Amount due to broker		1,059,686	699,624
Amount due to Manager			
- management fee		42,942	51,318
- cancellation of units		96,400	185,430
Amount due to Trustee		2,362	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		11,508	11,608
TOTAL LIABILITIES		<u>1,226,414</u>	<u>964,318</u>
NET ASSET VALUE OF THE FUND		<u>52,558,751</u>	<u>63,298,133</u>
EQUITY			
Unit holders' capital		34,985,392	43,777,720
Retained earnings		17,573,359	19,520,413
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>52,558,751</u>	<u>63,298,133</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>72,631,000</u>	<u>84,768,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.7236</u>	<u>0.7468</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 2025

	Unit holders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 July 2024	43,777,720	19,520,413	63,298,133
Total comprehensive loss for the financial year	-	(1,947,054)	(1,947,054)
Movement in unit holders' capital:			
Cancellation of units	(8,792,328)	-	(8,792,328)
Balance as at 30 June 2025	<u>34,985,392</u>	<u>17,573,359</u>	<u>52,558,751</u>
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>

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 2025

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		44,951,144	96,673,463
Purchase of investments		(35,181,036)	(79,641,608)
Dividends received		779,057	785,730
Interest received		10,591	27,609
Management fee rebate received		69,116	95,152
Management fee paid		(565,450)	(683,493)
Trustee fee paid		(31,119)	(37,651)
Fund accounting fee paid		(12,000)	(12,000)
Payment for other fees and expenses		(47,753)	(61,969)
Net realised gain on foreign currency exchange		7,336	37,622
Tax paid		(28,330)	(147,328)
Net cash flows generated from operating activities		<u>9,951,556</u>	<u>17,035,527</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for cancellation of units		<u>(8,881,358)</u>	<u>(21,334,695)</u>
Net cash flows used in financing activities		<u>(8,881,358)</u>	<u>(21,334,695)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,070,198	(4,299,168)
EFFECTS OF FOREIGN CURRENCY EXCHANGE		(250,248)	(188,194)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>3,143,918</u>	<u>7,631,280</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	<u><u>3,963,868</u></u>	<u><u>3,143,918</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 2025

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. 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 International Financial Reporting Standards 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 K.

- (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 2024 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 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026)
 - The amendments clarify that financial assets are derecognised when the rights to the cash flows expire or when the asset is transferred, and financial liabilities are derecognised at the settlement date (i.e. when the liability is extinguished or qualifies for derecognition);
 - There is an optional exception to derecognise a financial liability at a date earlier than the settlement date if the cash transfer takes place through an electronic payment system, provided that all the specified criteria are met;
 - The amendments also clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion;
 - There are additional new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
 - The amendments update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").

AHAM ABSOLUTE RETURN FUND III

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

- (b) Standards and amendments that have been issued that are applicable to the Fund but not yet effective: (continued)
- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'
 - The new MFRS introduces a new structure of profit or loss statement.
 - i. Income and expenses are classified into 3 new main categories
 - Operating category which typically includes results from the main business activities;
 - Investing category that presents the results of the investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
 - Financing category that presents income and expenses from financing liabilities.
 - ii. Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.
 - Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.
 - Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

The Fund is currently still assessing the effect of the above standards and amendments. No other new standards or amendments to standards are expected to have a material effect on the financial statements of the Fund.

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).

AHAM ABSOLUTE RETURN FUND III

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

B INCOME RECOGNITION (CONTINUED)

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.

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.

AHAM ABSOLUTE RETURN FUND III

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

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.

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 broker, 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.

AHAM ABSOLUTE RETURN FUND III

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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 (loss)/gain on financial assets at fair value through profit and loss" in the year which they arise.

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 and ETF 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.

AHAM ABSOLUTE RETURN FUND III

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

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 2025 (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 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.

AHAM ABSOLUTE RETURN FUND III

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

K 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 Securities Commission's ("SC") 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 to the financial statements.

L REALISED AND UNREALISED PORTIONS OF LOSS OR PROFIT AFTER TAX

The analysis of realised and unrealised portions of loss or profit 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 2025

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, 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 2025.

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (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>2025</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	3,963,868	-	3,963,868
Amount due from broker		259,011	-	259,011
Amount due from Manager				
- management fee rebate receivable		5,510	-	5,510
Dividends receivable		39,216	-	39,216
Quoted equities	8	-	33,876,080	33,876,080
Collective investment schemes	8	-	7,632,176	7,632,176
Exchange-traded funds	8	-	7,897,447	7,897,447
Total		<u>4,267,605</u>	<u>49,405,703</u>	<u>53,673,308</u>
<u>Financial liabilities</u>				
Amount due to broker		1,059,686	-	1,059,686
Amount due to Manager				
- management fee		42,942	-	42,942
- cancellation of units		96,400	-	96,400
Amount due to Trustee		2,362	-	2,362
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		11,508	-	11,508
Total		<u>1,226,414</u>	<u>-</u>	<u>1,226,414</u>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (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>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>

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 2025 (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>2025</u> RM	<u>2024</u> RM
Quoted investments		
Quoted equities	33,876,080	46,764,902
Exchange-traded funds	7,897,447	5,495,567
Collective investment schemes	7,001,276	7,983,120
	<u>48,774,803</u>	<u>60,243,589</u>
Unquoted investments		
Collective investment scheme	<u>630,900</u>	<u>707,400</u>

The following table summarises the sensitivity of the Fund's (loss)/profit after taxation and NAV to price risk movement. The analysis is based on the assumptions that the market price increased by 5% (2024: 5%) and decreased by 5% (2024: 5%) 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 (loss)/profit after tax/NAV RM
<u>2025</u>		
-5%	46,935,418	(2,470,285)
0%	49,405,703	-
+5%	<u>51,875,988</u>	<u>2,470,285</u>
<u>2024</u>		
-5%	57,903,440	(3,047,549)
0%	60,950,989	-
+5%	<u>63,998,538</u>	<u>3,047,549</u>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (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 2025 (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:

	Quoted <u>equities</u> RM	Collective investment <u>scheme</u> RM	Exchange-traded <u>funds</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	Total RM
<u>2025</u>						
<u>Financial assets</u>						
Australian Dollar	1,050,247	-	-	1,152,499	-	2,202,746
Euro	2,944,067	-	-	260,952	-	3,205,019
Hong Kong Dollar	940,651	-	1,484,747	405,088	11,141	2,841,627
Philippine Peso	-	-	-	348	-	348
Pound Sterling	3,570,762	-	-	424,445	-	3,995,207
Singapore Dollar	1,186,454	-	-	19,688	-	1,206,142
United States Dollar	24,183,899	630,900	6,412,700	445,771	287,086	31,960,356
	<u>33,876,080</u>	<u>630,900</u>	<u>7,897,447</u>	<u>2,708,791</u>	<u>298,227</u>	<u>45,411,445</u>

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

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (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	Total RM
<u>2025</u>		
<u>Financial liabilities</u>		
Australian Dollar	(1,059,686)	(1,059,686)

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (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)

	Quoted <u>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>						
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 2025 (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	Total RM
<u>2024</u>		
<u>Financial liabilities</u>		
Hong Kong Dollar	699,624	699,624

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (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 (loss)/profit 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 (loss)/profit after tax/NAV RM
<u>2025</u>		
Australian Dollar	+/- 9.02	+/- 103,104
Euro	+/- 7.42	+/- 237,812
Hong Kong Dollar	+/- 7.31	+/- 207,723
Philippine Peso	+/- 6.62	+/- 23
Pound Sterling	+/- 7.45	+/- 297,643
Singapore Dollar	+/- 4.69	+/- 56,568
United States Dollar	+/- 7.49	+/- 2,393,831
<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

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (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 equivalents RM	Other assets* RM	Total RM
<u>2025</u>			
Consumer Discretionary			
- Non-rated ("NR")	-	15,369	15,369
Financial Services			
- AAA	3,963,868	-	3,963,868
Health Care			
- NR	-	2,045	2,045
Industrials			
- NR	-	260,048	260,048
Technology			
- NR	-	9,624	9,624
Others			
- NR	-	16,651	16,651
	<u>3,963,868</u>	<u>303,737</u>	<u>4,267,605</u>

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

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (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>2024</u>			
Consumer Discretionary			
- 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>

* 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 2025 (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:

	Within one month RM	Between one month to one year RM	Total RM
<u>2025</u>			
Amount due to broker	1,059,686	-	1,059,686
Amount due to Manager			
- management fee	42,942	-	42,942
- cancellation of units	96,400	-	96,400
Amount due to Trustee	2,362	-	2,362
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	-	11,508	11,508
	<u>1,202,390</u>	<u>24,024</u>	<u>1,226,414</u>
<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>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (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 last traded 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 2025 (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>2025</u>				
Financial assets at fair value through profit or loss				
- quoted equities	33,876,080	-	-	33,876,080
- collective investment schemes	7,001,276	-	630,900	7,632,176
- exchange-traded funds	7,897,447	-	-	7,897,447
	<u>48,774,803</u>	<u>-</u>	<u>630,900</u>	<u>49,405,703</u>
<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>

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 2025 (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 2025 and 2024, 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.

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 2025 as disclosed in Note 8(d) to the financial statements.

(ii) The carrying values of cash and cash equivalents, amount due from broker, 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 2025, the management fee is recognised at a rate of 1.00% per annum (2024: 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 2025 (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 2025, the Trustee fee is recognised at a rate of 0.055% (2024: 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 (2024: RM12,000) during the financial year.

7 TAXATION

	<u>2025</u> RM	<u>2024</u> RM
Current taxation	-	94,977
Under provision of taxation in prior year	-	12,803
	<u>-</u>	<u>107,780</u>

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

	<u>2025</u> RM	<u>2024</u> RM
Net (loss)/profit before taxation	<u>(1,947,054)</u>	<u>5,575,625</u>
Tax at Malaysian statutory tax rate of 24% (2024: 24%)	(467,293)	1,338,150
Tax effects of:		
Investment loss not brought to tax/ (investment income not subject to tax)	268,041	(1,526,311)
Expenses not deductible for tax purposes	79,781	120,191
Restrictions on tax deductible expenses for Wholesale Fund	119,471	162,947
Under provision of taxation in prior year	-	12,803
Tax expense	<u>-</u>	<u>107,780</u>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2025</u> RM	<u>2024</u> RM
Financial assets at fair value through profit or loss:		
- quoted equities – local	-	3,332,463
- quoted equities – foreign	33,876,080	43,432,439
- collective investment schemes – local	7,001,276	7,983,120
- collective investment scheme – foreign	630,900	707,400
- exchange-traded funds – foreign	7,897,447	5,495,567
	<u>49,405,703</u>	<u>60,950,989</u>
Net (loss)/gain on financial assets at fair value through profit or loss:		
- realised gain/(loss) on sale of investments	416,530	(1,312,316)
- unrealised (loss)/gain on changes in fair value	(2,199,874)	7,142,510
- management fee rebate on collective investment schemes #	68,280	93,470
	<u>(1,715,064)</u>	<u>5,923,664</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 2025 (CONTINUED)

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

(a) Quoted equities – local

(i) There are no quoted equities – local as at 30 June 2025.

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

	<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 2025 (CONTINUED)

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

(b) Quoted equities – foreign

(i) Quoted equities - foreign as at 30 June 2025 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Australia</u>				
<u>Financial Services</u> Steadfast Group Ltd	63,638	1,061,315	1,050,247	2.00
<u>France</u>				
<u>Technology</u> Exosens SAS	5,939	1,011,157	1,181,179	2.25
<u>Hong Kong</u>				
<u>Consumer Discretionary</u> Trip.Com Group Ltd	3,850	1,192,235	940,650	1.79
<u>Ireland</u>				
<u>Consumer Staples</u> Kerry Group	3,815	1,732,329	1,762,888	3.35
<u>Singapore</u>				
<u>Financial Services</u> DBS Group Holdings Ltd	8,009	871,688	1,186,454	2.26
<u>United Kingdom</u>				
<u>Consumer Discretionary</u> Compass Group PLC	11,517	1,449,622	1,637,437	3.12

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (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 2025 are as follows: (continued)

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>United Kingdom (continued)</u>				
<u>Health Care</u>				
Haleon PLC	89,601	1,806,745	1,933,325	3.68
<u>United States of America</u>				
<u>Consumer Discretionary</u>				
Amazon.com Inc	1,582	1,105,583	1,459,797	2.78
Lennar Corporation	1,506	812,827	700,630	1.33
Service Corporation International	4,693	1,550,861	1,606,735	3.06
	7,781	3,469,271	3,767,162	7.17
<u>Consumer Staples</u>				
Cencora Inc	1,461	1,528,819	1,842,568	3.50
<u>Financial Services</u>				
Aon PLC - Class A	1,040	1,470,525	1,560,554	2.97
CME Group Inc	689	776,006	798,729	1.52
ICICI Bank Ltd- American Depositary Receipt ("ADR")	12,458	1,444,726	1,762,681	3.35
	14,187	3,691,257	4,121,964	7.84
<u>Health Care</u>				
Danaher Corporation	989	798,237	821,714	1.56
HCA Healthcare Inc	917	1,539,103	1,477,579	2.81
Natera Inc	865	565,394	614,636	1.17
	2,771	2,902,734	2,913,929	5.54
<u>Industrials</u>				
Corpay Inc	543	805,208	757,830	1.44
REV Group Inc	5,871	886,014	1,175,160	2.24
	6,414	1,691,222	1,932,990	3.68

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (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 2025 are as follows: (continued)

	<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>				
Meta Platforms Inc	720	1,318,135	2,235,173	4.25
Microsoft Corporation	929	1,631,922	1,943,567	3.70
Nvidia Corporation	1,251	809,174	831,297	1.58
Taiwan Semiconductor Manufacturing Co Ltd	3,074	1,464,937	2,928,344	5.57
	<u>5,974</u>	<u>5,224,168</u>	<u>7,938,381</u>	<u>15.10</u>
<u>Utilities</u>				
Waste Management Inc	1,732	1,605,689	1,666,906	3.17
Total quoted equities – foreign	<u>226,689</u>	<u>29,238,251</u>	<u>33,876,080</u>	<u>64.45</u>
Accumulated unrealised gain on quoted equities – foreign		<u>4,637,829</u>		
Total quoted equities – foreign		<u>33,876,080</u>		

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (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 2024 are as follows:

	<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 2025 (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 2024 are as follows: (continued)

	<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 - 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 2025 (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 2024 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>United States of America (continued)</u>				
<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 2025 (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 2025 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
AHAM INR Flexi Fund *	1,225,552	1,667,562	1,821,537	3.47
AHAM TWD Flexi Fund *	1,588,000	4,106,747	5,179,739	9.86
Total collective investment schemes – local	2,813,552	5,774,309	7,001,276	13.32
Accumulated unrealised gain on collective investment schemes – local		1,226,967		
Total collective investment schemes – local		7,001,276		

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

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage 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
Total collective investment schemes – local	3,017,552	6,301,876	7,983,120	12.61
Accumulated unrealised gain on collective investment schemes – local		1,681,244		
Total collective investment schemes – local		7,983,120		

* Managed by the Manager

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (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 2025 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Sotella Fund Pte. Ltd Class A1 - USD *	3	665,550	630,900	1.20
Total collective investment scheme – foreign	3	665,550	630,900	1.20
Accumulated unrealised loss on collective investment scheme – foreign		(34,650)		
Total collective investment scheme – foreign		630,900		

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

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

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (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 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 four parcels of land held in lien. Judgement has been passed by the courts in February 2025 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. The defendants have appealed the judgement which will be heard by the Court of Appeal on 29 September 2025. The second legal track is the litigation under the Deed of Undertaking which legal proceedings completed in July 2025, with a decision by the High Court due in September 2025. 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, with proceedings completed in June 2025 with the tribunal expected to deliver its final award by September 2025.

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 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, following which a property agent can be appointed to commence the sale process.
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 2025 (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 2025 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Alerian MLP ETF	14,321	3,226,205	2,943,039	5.60
Global X Cybersecurity ETF	5,155	740,608	804,400	1.53
Global X European Infrastructure Development UCITS ETF	12,893	1,084,185	1,147,464	2.18
Global X Uranium ETF	3,443	525,412	562,018	1.07
HangSeng China Enterprises Index ETF	15,890	821,069	752,796	1.43
IShares Hang Seng TECH ETF	122,300	845,741	731,951	1.39
VanEck Gold Miners ETF	4,365	975,888	955,779	1.82
Total exchange-traded funds – foreign	<u>178,367</u>	<u>8,219,108</u>	<u>7,897,447</u>	<u>15.02</u>
Accumulated unrealised loss on exchange-traded funds – foreign		<u>(321,661)</u>		
Total exchange-traded funds – foreign		<u>7,897,447</u>		

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

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage 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
Total exchange-traded funds – foreign	<u>20,583</u>	<u>5,357,802</u>	<u>5,495,567</u>	<u>8.68</u>
Accumulated unrealised gain on exchange-traded funds – foreign		<u>137,765</u>		
Total exchange-traded funds – foreign		<u>5,495,567</u>		

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

9 CASH AND CASH EQUIVALENTS

	<u>2025</u> RM	<u>2024</u> RM
Cash and bank balances	2,730,643	1,577,241
Deposits with licensed financial institutions	1,233,225	1,566,677
	<u>3,963,868</u>	<u>3,143,918</u>

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

	<u>2025</u> %	<u>2024</u> %
Deposits with licensed financial institutions	<u>3.03</u>	<u>3.00</u>

Deposits with licensed financial institutions has an average remaining maturity period of 1 day (2024: 1 day).

10 NUMBER OF UNITS IN CIRCULATION

	<u>2025</u> No. of units	<u>2024</u> No. of units
At the beginning of the financial year	84,768,000	116,513,000
Cancellation of units	(12,137,000)	(31,745,000)
At the end of the financial year	<u>72,631,000</u>	<u>84,768,000</u>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

11 TRANSACTIONS WITH BROKERS

- (i) Details of transactions with the top 10 brokers for the financial year ended 30 June 2025 are as follows:

<u>Name of brokers</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. Incorporated	31,404,801	38.89	5,866	8.11
TD Securities (USA) LLC	8,493,726	10.52	12,741	17.61
CLSA Ltd (Hong Kong)	8,315,430	10.30	8,464	11.70
AllianceBernstein	6,733,949	8.34	1,926	2.66
Citigroup Global Markets Ltd	4,859,310	6.02	9,187	12.70
Jefferies International Ltd	3,073,958	3.81	3,660	5.06
Macquarie Securities (Australia) Limited	2,795,089	3.46	6,803	9.40
CLSA Singapore Pte Ltd	1,914,308	2.37	957	1.32
Flow Traders B.V.	1,666,810	2.06	-	0.00
PT Mandiri Sekuritas	1,471,361	1.82	4,414	6.10
Others*	10,020,952	12.41	18,330	25.34
	<u>80,749,694</u>	<u>100.00</u>	<u>72,348</u>	<u>100.00</u>

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

11 TRANSACTIONS WITH BROKERS (CONTINUED)

(ii) Details of transactions with the top 10 brokers 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. Incorporated	55,022,302	31.08	10,277	5.66
CLSA Ltd (Hong Kong)	22,809,413	12.89	33,612	18.50
AllianceBernstein	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 B.V.	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>

*Included in transactions with brokers are trades conducted with AHAM Asset Management Berhad, the Manager of the Fund amounting to RM615,284 (2024: RM4,217,552). The Manager is of the opinion that all transactions have been entered into 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 2025 (CONTINUED)

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

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

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

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

	<u>2025</u>		<u>2024</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)	3,198	2,314	3,488	2,605

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

AHAM ABSOLUTE RETURN FUND III

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONTINUED)

13 TOTAL EXPENSE RATIO ("TER")

	<u>2025</u> %	<u>2024</u> %
TER	<u>1.16</u>	<u>1.16</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 rebates
- 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 RM55,742,838 (2024: RM66,997,780).

14 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2025</u>	<u>2024</u>
PTR (times)	<u>0.72</u>	<u>1.33</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 = RM35,509,872 (2024: RM80,237,847)
total disposal for the financial year = RM44,855,285 (2024: RM98,160,553)

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 46 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 2025 and of its financial performance, changes in equity and cash flows for the financial year ended 30 June 2025 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 2025

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 2025, 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 2025, 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 46.

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(d) 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)**

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)**

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 2025

DIRECTORY OF SALES OFFICE

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