

QUARTERLY REPORT

31 October 2023

AHAM Single Bond Series 3

(Formerly known as Affin
Hwang Single Bond Series 3)

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

TRUSTEE
CIMB Islamic Trustee Berhad
(167913-M)

AHAM SINGLE BOND SERIES 3
(FORMERLY KNOWN AS AFFIN HWANG SINGLE BOND SERIES 3)

Quarterly Report and Financial Statements
As at 31 October 2023

Contents	Page
QUARTERLY REPORT	2
STATEMENT OF COMPREHENSIVE INCOME	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF CHANGES IN EQUITY	7

QUARTERLY REPORT

FUND INFORMATION

Fund Name	AHAM Single Bond Series 3 (Formerly known as Affin Hwang Single Bond Series 3)
Fund Type	Income
Fund Category	Bond (Wholesale)
Investment Objective	The Fund aims to provide regular income over the medium to long term period
Benchmark	12-month Malayan Banking Berhad Fixed Deposit Rate
Distribution Policy	Subject to the availability of income, the Fund will provide distribution on an annual basis

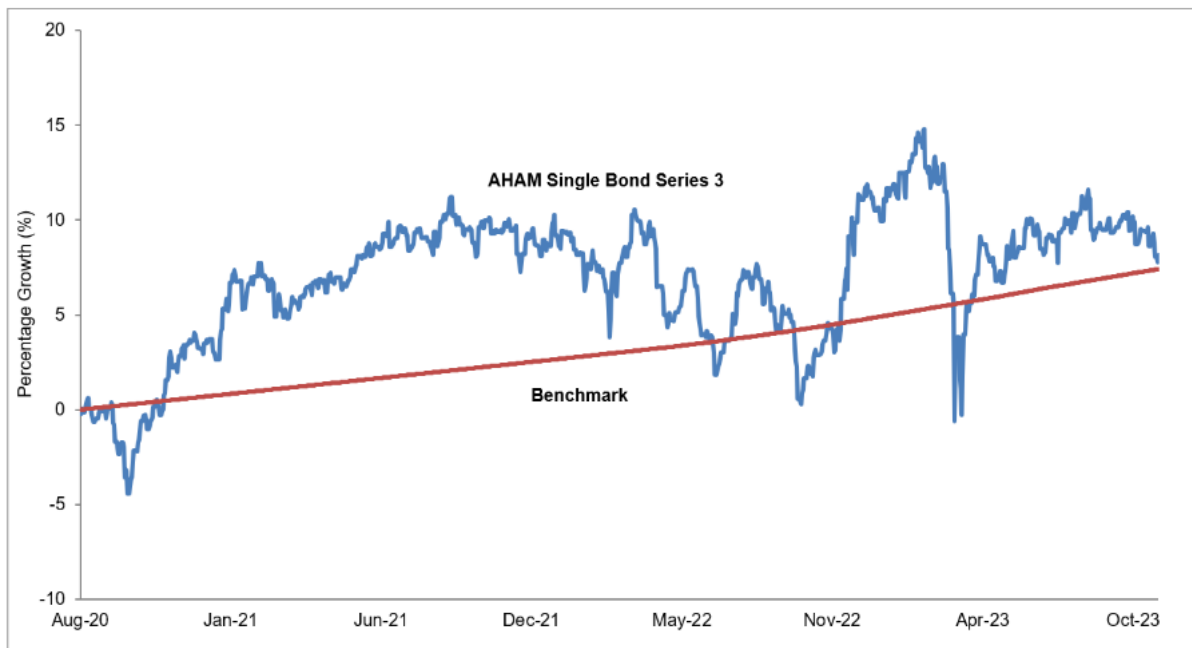
Fund Performance

Table 1: Performance as at 31 October 2023

	3 Months (1/8/23 - 31/10/23)	6 Months (1/5/23 - 31/10/23)	1 Year (1/11/22 - 31/10/23)	3 Years (1/11/20 - 31/10/23)	Since Commencement (5/8/20 - 31/10/23)
Fund	(1.30%)	0.29%	4.10%	8.46%	8.15%
Benchmark	0.70%	1.44%	2.86%	6.95%	7.42%
Outperformance	(2.00%)	(1.15%)	1.24%	1.51%	0.73%

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



"This information is prepared by AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up. Source of Benchmark is from Bloomberg."

Benchmark: 12-month Malayan Banking Berhad Fixed Deposit Rate

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

Asset Allocation

Fund's asset mix during the period under review:

	31 October 2023
	(%)
Fixed Income	84.59
Derivatives	-2.06
Cash & money market	17.47
Total	100.00

Strategies Employed

The Fund invests solely into a single bond paper and aims to provide regular income over the medium to long term period. Given the heightened market volatility within the Additional Tier 1 ("AT1") markets following the acquisition of Credit Suisse by UBS Group AG in March, the Manager has decided to maintain an elevated level of cash & money market securities to act as a defensive buffer to the portfolio.

Market Review

Markets continued to be volatile throughout the quarter amidst the US Federal Reserve's (Fed) battle to tame inflation. In July, the US Federal Reserve (Fed) delivered a 25 bps rate hike that was well priced-in. Fed Chair Jerome Powell stopped short of saying that the US central bank is done with raising rates, but maintained that there were encouraging signs that inflation is trending downwards. Although rates remained unchanged at the

September 2023 meeting, the Fed hinted that high rates might persist to manage inflation, leading to a market expectation of a higher-for-longer rates.

September and October was a volatile month for global fixed income market which centered around the US Treasuries. There was a series of US economic data released which was stronger than expected, supporting a strong US economy outlook, as US Q3 GDP surprised to the upside at +4.9% qoq (Consensus: +4.5%), while September retail sales and non-farm payroll have all beat consensus. US core inflation continue to show signs of easing, as core CPI and core personal consumption expenditures (PCE) were reported at 4.1% yoy and 3.7% yoy respectively. This resulted in markets taking a risk-off approach, with the 10-Year US Treasury being sold off to a peak of 4.99% on 19 October.

Investment Outlook

Since the acquisition of Credit Suisse by UBS, major institutions like UBS, Barclays PLC, HSBC Holdings PLC, Standard Chartered PLC and Societe Generale SA have continued to call their AT1 issuances on their first call dates. This reflects strong capital buffers, enabling them to uphold regulatory capital thresholds, even amidst economic and financial market uncertainties. This show of commitment, particularly in a high-interest-rate landscape, bolstered investor confidence.

Standard Chartered has continued to perform well on its profitability and balance sheet metrics. Despite the challenges in the global financial market, Standard Chartered has demonstrated stronger reported earnings. In its 3Q2023 results, the Operating Income was up 7% compared to a year ago to \$2.4 billion, largely a result of a higher interest rate environment which contributed to an increase of its Net Interest Margin of 1.63%, higher by 20 basis points compared to a year ago. Standard Chartered reported a Credit Impairment of \$294 million in 3Q2023, increased by \$62million from a year ago, however its portfolio remain resilient as its year-to-date loan-loss rate of 20 basis points is still comfortably within the range guidance of 17 bps to 25 bps for FY23. This fosters confidence in the bank's consistent ability to meet its coupon payment obligations for the AT1 bonds held by the fund. Standard Chartered sustained its growth trajectory in Q3 2023 and remained on track to meet its full year target, underpinned by improved profitability and a robust balance sheet, this supported the decision for share buyback initiatives while effectively managing its Common Equity Tier 1 ratio within the targeted range (13%~14%).

Standard Chartered continues to maintain a strong capital position, with a CET1 ratio of 13.9%, up 20 bps compared to a year ago, hovering at the upper end of its target range. Standard Chartered also expects the sale of its aviation business, which is expected to close at the end of 2023, to further bolster its CET1 by 19bps. The liquidity position of Standard Chartered also remained relatively stable, with a Liquidity Coverage Ratio at 156%, unchanged compared to a year ago.

Despite turbulence in the financial sector, Standard Chartered's adept management of challenges inspires confidence in its solid capital and liquidity positions, along with its ability to fulfill coupon obligations for the AT1 securities held by the fund.

AHAM SINGLE BOND SERIES 3
(FORMERLY KNOWN AS AFFIN HWANG SINGLE BOND SERIES 3)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2023

	Financial period ended <u>31.10.2023</u> RM	Financial period ended <u>31.10.2022</u> RM
INVESTMENT LOSS		
Interest income from financial assets at amortised cost	216,712	76,193
Interest income from financial assets at fair value through profit or loss	2,975,011	3,230,527
Net loss on foreign currency exchange	(3,822,374)	(123,154)
Net loss on forward foreign currency contracts at fair value through profit or loss	-	(104,230)
Net loss on currency swap at fair value through profit or loss	(5,743,650)	(6,315,446)
Net gain/(loss) on financial assets at fair value through profit or loss	1,364,508	(246,928)
	<u>(5,009,793)</u>	<u>(3,483,038)</u>
EXPENSES		
Management fee	(243,119)	(300,717)
Trustee fee	(19,736)	(24,173)
Fund accounting fee	(10,000)	(8,000)
Auditors' remuneration	(6,222)	(5,984)
Tax agent's fee	(2,722)	(2,618)
Other expenses	(45,620)	(13,053)
	<u>(327,419)</u>	<u>(354,545)</u>
NET LOSS BEFORE TAXATION	(5,337,212)	(3,837,583)
Taxation	(656,921)	-
NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD	<u>(5,994,133)</u>	<u>(3,837,583)</u>
Net loss after taxation is made up of the following:		
Realised amount	(2,138,406)	3,010,952
Unrealised amount	(3,855,727)	(6,848,535)
	<u>(5,994,133)</u>	<u>(3,837,583)</u>

AHAM SINGLE BOND SERIES 3
(FORMERLY KNOWN AS AFFIN HWANG SINGLE BOND SERIES 3)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2023

	<u>2023</u> RM	<u>2022</u> RM
ASSETS		
Cash and cash equivalents	7,792,144	8,436,910
Financial assets at fair value through profit or loss	39,345,069	125,213,244
Currency swap at fair value through profit or loss	-	79,980
TOTAL ASSETS	<u>47,137,213</u>	<u>133,730,134</u>
LIABILITIES		
Currency swap at fair value through profit or loss	1,053,783	7,084,716
Amount due to Manager		
- management fee	20,043	52,994
- cancellation of units	252,237	31,144
Amount due to Trustee	1,603	4,240
Auditors' remuneration	6,222	5,984
Fund accounting fee	1,000	-
Tax agent's fee	6,222	2,618
Tax provision	20,858	-
Other payables and accruals	26,350	1,306
TOTAL LIABILITIES	<u>1,388,318</u>	<u>7,183,002</u>
NET ASSET VALUE OF THE FUND	<u>45,748,895</u>	<u>126,547,132</u>
EQUITY		
Unitholders' capital	47,181,722	129,772,922
Accumulated losses	(1,432,827)	(3,225,790)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>45,748,895</u>	<u>126,547,132</u>
NUMBER OF UNITS IN CIRCULATION	<u>49,399,000</u>	<u>137,535,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>0.9261</u>	<u>0.9201</u>

AHAM SINGLE BOND SERIES 3
(FORMERLY KNOWN AS AFFIN HWANG SINGLE BOND SERIES 3)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2023

	Unitholders' <u>capital</u> RM	Accumulated <u>losses</u> RM	<u>Total</u> RM
Balance as at 1 February 2023	123,720,861	5,316,160	129,037,021
Total comprehensive loss for the financial period	-	(5,994,133)	(5,994,133)
Distributions	-	(754,854)	(754,854)
Movement in unitholder's capital:			
Creation of units arising from application	346	-	346
Creation of units arising from distributions	628,056	-	628,056
Cancellation of units	(77,167,541)	-	(77,167,541)
Balance as at 31 October 2023	<u>47,181,722</u>	<u>(1,432,827)</u>	<u>45,748,895</u>
Balance as at 1 February 2022	68,928,398	4,897,088	73,825,486
Total comprehensive loss for the financial period	-	(3,837,583)	(3,837,583)
Distributions	-	(4,285,295)	(4,285,295)
Movement in unitholder's capital:			
Creation of units arising from application	65,109,002	-	65,109,002
Creation of units arising from distributions	641,385	-	641,385
Cancellation of units	(4,905,863)	-	(4,905,863)
Balance as at 31 October 2022	<u>129,772,922</u>	<u>(3,225,790)</u>	<u>126,547,132</u>

AHAM Asset Management Berhad

(Formerly known as Affin Hwang Asset Management Berhad)
Registration No: 199701014290 (429786-T)

Ground Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia.
Toll Free Number: 1800 88 7080 T: +603 2116 6000 F: +603 2116 6100
www.aham.com.my