



QUARTERLY REPORT
31 October 2024

AHAM Single Bond Series 2

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

TRUSTEE
CIMB Commerce Trustee Berhad
(313031-A)

Built On Trust

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AHAM SINGLE BOND SERIES 2

Quarterly Report and Financial Statements As at 31 October 2024

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	AHAM Single Bond Series 2
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 DATA

Category	As at 31 Oct 2024	As at 31 Jul 2024
Total NAV (USD'million)	31.915	31.571
NAV per Unit (USD)	0.9933	0.9826
Unit in Circulation (million)	32.129	32.129

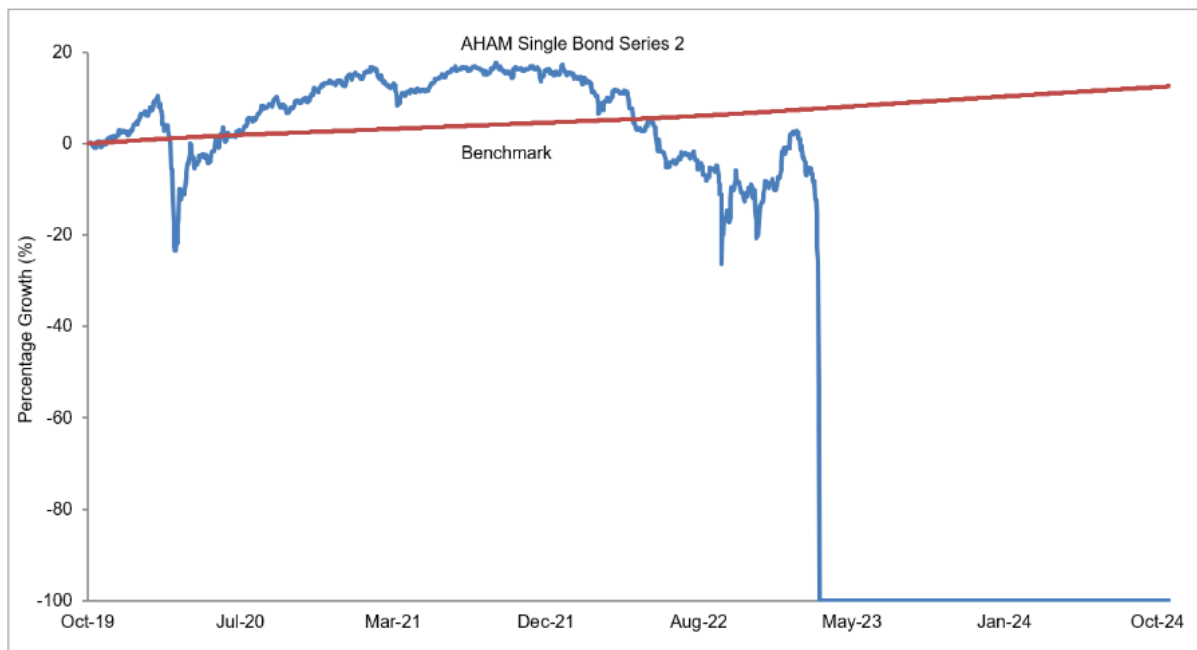
Fund Performance

Table 1: Performance as at 31 October 2024

	3 Months (1/8/24 - 31/10/24)	6 Months (1/5/24 - 31/10/24)	1 Year (1/11/23 - 31/10/24)	3 Years (1/11/21 - 31/10/24)	5 Years (1/11/19 - 31/10/24)	Since Commencement (25/10/19 - 31/10/24)
Fund	(100.00%)	(100.00%)	(100.00%)	(100.00%)	(100.00%)	(100.00%)
Benchmark	0.64%	1.29%	2.67%	7.81%	12.47%	12.54%
Outperformance	(100.64%)	(101.29%)	(102.67%)	(107.81%)	(112.47%)	(112.54%)

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



"This information is prepared by AHAM Asset Management Berhad for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up. Source of Benchmark is from 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 2024

(%)

Nil

Income Distribution Breakdown

No distribution was declared by the Fund over the financial period under review.

Strategies Employed

The Fund's investment would solely consist of a bond (including hybrid security such as an Additional Tier 1 security).

The Manager of the Fund is currently in the process of seeking recovery on its investment via the class action lawsuit post the write off event. Please see the section on State of Affairs of the Fund for further information.

Market Review

Over the three-month period ending October 2024, the Federal Reserve began interest rate cycle after keeping interest rate at 5.5% for 14 months, bringing the Fed Fund Rate to 5%. The Fed's statement highlighted that labor market conditions were generally improving and inflation, while still somewhat elevated, was slowing down. The central bank indicated it would continue its quantitative tightening at the same pace, maintaining a cautious stance towards further rate adjustments. Other central banks have also adjusted their policies in response to global economic conditions. For instance, the Bank of England and European Central Bank have reduced interest rates by 25bps and 75bps, respectively. During the quarter, we saw significant movement in US Treasury yields as initial rally due to weak economic data was offset by rising term premium with expectation of Trump victory in the US Presidential race. US Treasury 10-year yield traded in a range of 3.6-4.2%.

As a recap, following the unprecedented and controversial decision by the Swiss Financial Market Supervisory Authority ("FINMA") on 19 March 2023 to write-down CHF16 billion of Credit Suisse's Additional Tier 1 ("AT1") securities, UBS Group AG ("UBS") announced on 12 June 2023 that it has formally completed the acquisition of Credit Suisse. On 11 August 2023, UBS announced that it has ended the CHF9 billion loss protection agreement and the CHF100 billion public liquidity backstop that were initially put in place by the Swiss government back in March. This announcement followed a comprehensive assessment of Credit Suisse's potential losses which were not as significant as earlier anticipated. Additionally, Credit Suisse has also fully repaid an emergency liquidity assistance loan of CHF50 billion obtained from the Swiss National Bank ("SNB"). Further to this, on 31 August 2023, UBS in its quarterly results posted a USD28.9 billion of negative goodwill from the acquisition on Credit Suisse which contributed to a quarterly profit before tax (PBT) of USD29.2 billion. If excluding the negative goodwill and also integration-related expenses and acquisition costs, UBS' adjusted profit before tax is USD1.1 billion. In its latest 2Q2024 results, UBS reported Profit before tax of USD1.5 billion and CET1 capital ratio of 14.9%.

Since the announcement in March 2023, European AT1 bond prices have seen a sharp correction but also subsequently rebounded as investors viewed the global banking space as still resilient overall while demand for credits remained strong. On the other hand, specifically for Credit Suisse AT1s, several investor groups globally have initiated legal proceedings seeking compensation as a result of the write-down. Quinn Emanuel Urquhart & Sullivan LLP ("Quinn Emanuel") and UK-based Pallas launched separate Swiss lawsuits against FINMA over the decision. Quinn Emanuel is representing plaintiffs with USD 6 billion of AT1 claims, while Pallas's clients holds about USD 2 billion of Credit Suisse AT1s.

Investment Outlook

Please see the section below on State of Affairs of the Fund for developments on the investment of the Fund.

State of Affairs of the Fund

Due to Swiss Financial Market Supervisory Authority ("FINMA")'s decision to write off the Credit Suisse AT1 as announced in the UBS-Credit Suisse merger on March 19, 2023, the fund's sole investment holding in the USD CS 6.375% AT1 has been impacted. As a result, the net asset value of the AHAM Single Bond Series 2 (the "Fund") was RM -691,466 on 31 March 2023. As of 30 October 2024, the AHAM Single Bond Series 2's net asset value (NAV) was RM -602,191 after accounting for tax liability, unwinding of FX hedges, and other liabilities. Pursuant to the Securities Commission's Guidelines, the investors' liabilities are limited to the amount invested in the Wholesale Fund, resulting in a NAV per unit quoted at RM0.00.

The Fund is currently represented by Quinn Emanuel Urquhart & Sullivan LLP ("Quinn Emanuel") in a class action against the FINMA and UBS in Switzerland. Quinn Emanuel is a reputable worldwide legal firm known

to have vast expertise, experience and have a proven record of accomplishment in managing comparable cases.

On 18 April 2023, Quinn Emanuel filed bondholding information, including address, notional amount, market value, and International Securities Identification Number (“ISIN”) as required by Swiss Federal Administrative Court (“SFAC”), which included information on the bond holdings of the Fund as at the date of the write-down to the SFAC and the filing was duly acknowledged. A judge was assigned to oversee the proceedings. The Court had further ordered the disclosure of FINMA’s decree ordering Credit Suisse (now UBS) to write down the AT1 bonds, requested the appellants’ further submissions on the decree’s significance, and ordered FINMA to produce the full file regarding its write-down decision.

As of 15 December 2024, there have been no new developments in the FINMA appeal after Quinn Emanuel’s filing to the Swiss Federal Administrative Court (“SFAC”) on 18 April 2023. Along with other appellant groups, Quinn Emanuel is still awaiting the SFAC’s delivery of UBS’s and Swiss Financial Market Supervisory Authority’s (“FINMA”) reply submissions. The legal proceedings are ongoing, and the Manager will continue to maintain close communication with Quinn Emanuel regarding the progress of the lawsuit. At the same time, Quinn Emanuel has been informed that the parliamentary committee’s report which investigates the downfall of Credit Suisse is expected to be made public before the end of the year. Quinn Emanuel believes that this report could provide valuable insights into the final days of Credit Suisse, particularly concerning FINMA’s conduct and strategic decisions and anticipate utilizing this report to prompt the SFAC for an update on the proceedings and to understand the reasons for the delay. Depending on the report’s details, Quinn Emanuel also plans to incorporate it into the written submissions before the SFAC and, if pertinent, request additional orders from the SFAC concerning the documentary evidence held by UBS and/or FINMA.

The ongoing legal fees for services rendered by Quinn Emanuel to recover the losses incurred from the write-down of the Credit Suisse AT1 bond is currently advanced by the Manager, which will be repayable to the Manager in the event of a successful recovery of the Credit Suisse AT1 bonds from the legal proceedings. The remaining recovery proceeds will be disbursed in proportion of the value each unit holder was entitled to as at the occurrence of the write-down of the bond.

AHAM SINGLE BOND SERIES 2

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2024

	Financial period ended <u>31.10.2024</u> RM	Financial period ended <u>31.10.2023</u> RM
INVESTMENT INCOME/(LOSS)		
Interest income from financial assets at amortised cost	471	24,914
Interest income from financial assets at fair value through profit or loss	28,436	370,582
Net gain on foreign currency exchange	-	31,928
Net loss on currency swap at fair value through profit or loss	-	(6,669,427)
Net loss on financial assets at fair value through profit or loss	(28,436)	(76,569,593)
	<u>471</u>	<u>(82,811,596)</u>
EXPENSES		
Trustee fee	-	(2,473)
Fund accounting fee	-	(2,000)
Other expenses	-	(3,085)
	<u>-</u>	<u>(7,558)</u>
NET PROFIT/(LOSS) BEFORE TAXATION	471	(82,819,154)
Taxation	33,179	(112,393)
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD	<u>33,650</u>	<u>(82,931,547)</u>
Net profit/(loss) after taxation is made up of the following:		
Realised amount	33,650	(3,183,599)
Unrealised amount	-	(79,747,948)
	<u>33,650</u>	<u>(82,931,547)</u>

AHAM SINGLE BOND SERIES 2

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2024

	<u>2024</u> RM	<u>2023</u> RM
ASSETS		
Cash and cash equivalents	38,834	142,687
Tax recoverable	85,000	-
TOTAL ASSETS	<u>123,834</u>	<u>142,687</u>
LIABILITIES		
Amount due to Manager		
- others	724,260	639,260
Tax agent's fee	-	3,500
Tax payable	-	134,523
Other payables and accruals	1,765	1,826
TOTAL LIABILITIES	<u>726,025</u>	<u>779,109</u>
NET ASSET VALUE OF THE FUND	<u>(602,191)</u>	<u>(636,422)</u>
EQUITY		
Unitholders' capital	94,072,460	94,072,460
Accumulated losses	(94,674,651)	(94,708,882)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>(602,191)</u>	<u>(636,422)</u>
NUMBER OF UNITS IN CIRCULATION	<u>96,950,000</u>	<u>96,950,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>0.0000</u>	<u>0.0000</u>

AHAM SINGLE BOND SERIES 2

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2024

	Unitholders' <u>capital</u> RM	Accumulated <u>losses</u> RM	<u>Total</u> RM
Balance as at 1 February 2024	94,072,460	(94,708,301)	(635,841)
Total comprehensive income for the financial period	-	33,650	33,650
Balance as at 31 October 2024	<u>94,072,460</u>	<u>(94,674,651)</u>	<u>(602,191)</u>
Balance as at 1 February 2023	94,160,294	(10,030,435)	84,129,859
Total comprehensive loss for the financial period	-	(82,931,547)	(82,931,547)
Distributions	-	(1,746,900)	(1,746,900)
Movement in unitholder's capital:			
Creation of units arising from distributions	165,343	-	165,343
Cancellation of units	(253,177)	-	(253,177)
Balance as at 31 October 2023	<u>94,072,460</u>	<u>(94,708,882)</u>	<u>(636,422)</u>

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