

ANNUAL REPORT
30 November 2023

**AHAM Flexible
Maturity Income
Fund 15** (Formerly
known as Affin Hwang
Flexible Maturity
Income Fund 15)

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

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

**AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AS AFFIN HWANG FLEXIBLE MATURITY INCOME
FUND 15)**

**Annual Report and Audited Financial Statements
For Financial Year Ended 30 November 2023**

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FUND INFORMATION

Fund Name	AHAM Flexible Maturity Income Fund 15 (Formerly known as Affin Hwang Flexible Maturity Income Fund 15)
Fund Type	Income
Fund Category	Fixed Income (Close-ended)
Investment Objective	The Fund aims to provide income through investments in fixed income instruments
Duration of the Fund	Five (5) years close-ended Fund
Termination Date	23 April 2025
Benchmark	5-years Malayan Banking Berhad fixed deposit rate as at Investment Date
Distribution Policy	Depending on the level of income the Fund generates, the Fund will provide distribution on an annual basis

FUND PERFORMANCE DATA

Category	As at 30 Nov 2023 (%)	As at 30 Nov 2022 (%)	As at 30 Nov 2021 (%)
Portfolio composition			
Unquoted fixed income securities – local	14.70	-	-
Unquoted fixed income securities – foreign	79.04	96.05	95.14
Total unquoted fixed income securities	93.74	96.05	95.14
Cash & cash equivalent	6.26	3.95	4.86
Total	100.00	100.00	100.00
Total NAV (RM'million)	75.5529	81.6164	98.4939
NAV per Unit (RM)	0.8695	0.8720	1.0435
Unit in Circulation (million)	86.8880	93.5930	94.3850
Highest NAV	0.9422	1.0615	1.0990
Lowest NAV	0.8503	0.8193	1.0045
Return of the Fund (%)	1.78	-14.18	0.72
- Capital Growth (%)	-0.29	-16.44	-3.12
- Income Distribution (%)	2.08	2.70	3.96
Gross Distribution per Unit (sen)	2.41	2.58	4.12
Net Distribution per Unit (sen)	1.81	2.58	4.12
Total Expense Ratio (%) ¹	0.30	0.29	0.28
Portfolio Turnover Ratio (times) ²	0.55	0.19	0.15

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 slightly higher due to lower average NAV of the Fund during the financial year.

² The Fund's PTR was higher than previous year due to increased trading activities during the financial year.

Income Distribution / Unit Split

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
24-Apr-23	25-Apr-23	0.8917	0.0181	0.8718
24-Apr-22	25-Apr-22	0.9823	0.02575	0.9529
22-Apr-21	23-Apr-21	1.0821	0.0412	1.0410

No unit split were declared for the financial year ended 30 November 2023.

Income Distribution Breakdown

Class	Ex-Date	Income (per unit) (sens / cents)	Income (%)	Capital (per unit) (sens / cents)	Capital (%)
MYR	25-Apr-23	1.8100	100	-	-
MYR	25-Apr-22	2.5750	100	-	-
MYR	23-Apr-21	4.1200	100	-	-

Fund Performance

Table 1: Performance of the Fund

	1 Year (1/12/22 - 30/11/23)	3 Years (1/12/20 - 30/11/23)	Since Commencement (23/4/20 - 30/11/23)
Fund	1.78%	(12.01%)	(5.24%)
Benchmark	2.35%	7.22%	8.74%
Outperformance	(0.57%)	(19.23%)	(13.98%)

Source of Benchmark: Maybank

Table 2: Average Total Return

	1 Year (1/12/22 - 30/11/23)	3 Years (1/12/20 - 30/11/23)	Since Commencement (23/4/20 - 30/11/23)
Fund	1.78%	(4.18%)	(1.48%)
Benchmark	2.35%	2.35%	2.35%
Outperformance	(0.57%)	(6.53%)	(3.83%)

Source of Benchmark: Maybank

Table 3: Annual Total Return

	FYE 2023 (1/12/22 - 30/11/23)	FYE 2022 (1/12/21 - 30/11/22)	FYE 2021 (1/12/20 - 30/11/21)	FYE 2020 (23/4/20 - 30/11/20)
Fund	1.78%	(14.18%)	0.72%	7.70%
Benchmark	2.35%	2.35%	2.35%	1.42%
Outperformance	(0.57%)	(16.53%)	(1.63%)	6.28%

Source of Benchmark: Maybank

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

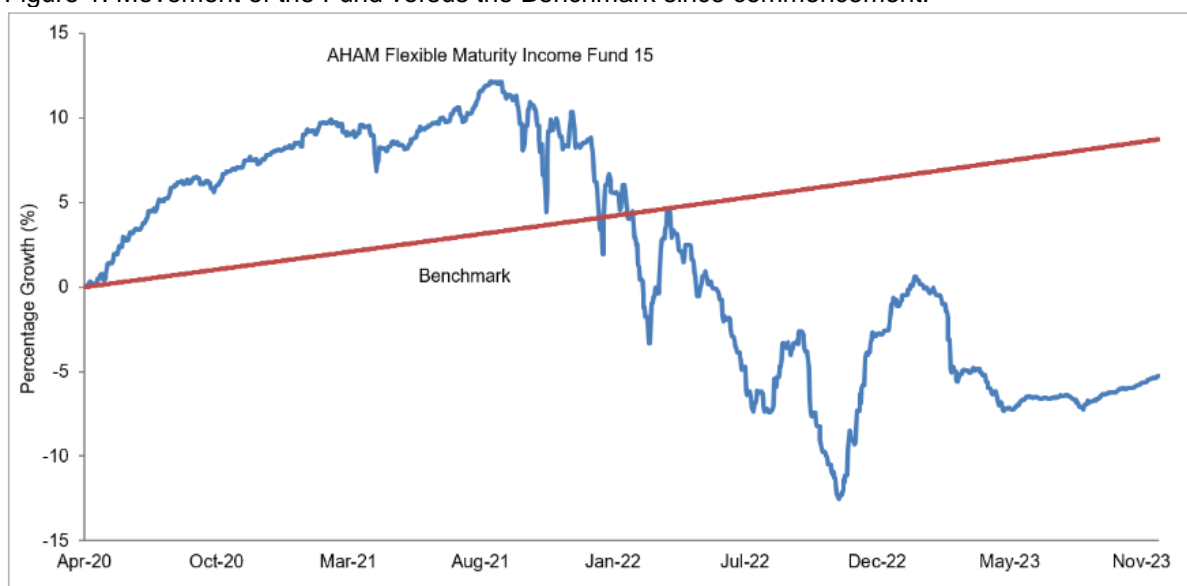
MANAGER'S REPORT

Performance Review (1 December 2022 to 30 November 2023)

For the period 1 December 2022 to 30 November 2023, the Fund registered a 1.78% return compared to the benchmark return of 2.35%. The Fund thus underperformed the Benchmark by 0.57%. The Net Asset Value per unit ("NAV") of the Fund as at 30 November 2023 was RM0.8695 while the NAV as at 30 November 2022 was RM0.8720. During the period under review, the Fund has declared an income distribution of RM0.0181 per unit.

Since commencement, the Fund has registered a return of -5.24% compared to the benchmark return of 8.74%, underperforming by 13.98%.

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



*"This information is prepared by AHAM Asset Management Berhad for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up. Source of Benchmark is from Maybank."
Benchmark: 5-years Malayan Banking Berhad fixed deposit rate as at Investment Date*

Asset Allocation

As at 30 November 2023, the asset allocation of the Fund stood at 93.74% of the Fund's NAV in fixed income securities while the remaining was held in cash and cash equivalent.

Strategies Employed

The Manager have implemented several key measures to enhance the risk profile and resilience of the Funds in response to prevailing market conditions. One of the pivotal decisions was the complete exit from China property bonds. This was premised on the liquidity and credit challenges faced by China property developers. Persistently weak property sales, coupled with government policies that have not fully addressed underlying issues, led the Manager to believe that these challenges were unlikely to be swiftly resolved. Furthermore, the decision of many issuers to prioritize onshore bonds over offshore bonds signalled prolonged and uncertain timelines for the restructuring of defaulted bonds, with anticipated low recovery values, if any.

At the inception of the Fund, it had approximately 16% exposure to China property bonds. The Manager took proactive measures starting from 2022, actively reducing holdings in the China property sector. By 2023, a strategic decision was made to exit entirely from China property bonds. Crucially, strategic divestments were made, including the complete exit from core holdings such as Country Garden and CIFI Holdings in the first half of 2023. These decisions were made during a period of relatively favourable market sentiment and was

completed by July 2023. Presently, the remaining position, that is in Times Property, is part of a planned exit strategy. The current exposures now stand minimally at less than 0.2% of NAV.

Secondly, the Manager has further overweight Investment Grade (“IG”) bonds for the Fund. By favouring IG assets over High Yield (“HY”) instruments, it aligns the portfolio with a more conservative risk profile. The High Yield exposures currently stand below 10% of the Fund’s Net Asset Value (“NAV”). The Manager have also prudently reduced the portfolio duration of the Fund to mitigate the impact of rising rates on the Fund's performance. The Fund’s duration closely matched the Funds’ maturities.

Furthermore, exposure to domestic Ringgit bonds have also been increased. This shift reflects a preference for more defensive assets as the Ringgit bond market is less volatile (also less rate hikes by Bank Negara Malaysia (“BNM”)). Besides diversifying bond holdings and focusing on stability, this also mitigates some of the impact of the foreign sourced income tax imposed on the Fund.

The Flexible Maturity Income Fund series have historically employed a more passive buy and hold to maturity strategy. The Manager would invest in a portfolio of bond with maturities that closely match the respective funds and monitor the credit fundamentals of these issuers throughout the life of the funds. However, given the heightened volatility and unprecedented rate hikes, the Manager has taken a more active style of investing, including progressively rebalancing the portfolios and focus on trading in new and existing issuances to improve the return potential.

Market Review

The past three years have indeed presented unprecedented challenges for the global fixed income market. The aftermath of the Covid-19 pandemic, coupled with supply chain disruptions and geopolitical events, sparked a period of high inflation and robust global growth. In response, central banks globally adopted an aggressive stance, leading to one of the most severe interest rate hike cycles in history. The U.S. Federal Reserve (“Fed”), for instance, raised interest rates by over 500 basis points (“bps”) from March 2022. Moreover, central banks started Quantitative Tightening, reining in their balance sheets. These measures triggered market adjustments, causing bond prices to decline, and resulting in mark-to-market losses on portfolio holdings. Since January 2020, U.S. Treasuries witnessed a negative return of -7%, while global Investment Grade bonds experienced a return of -12%.* On a positive note, the Fed has kept interest rates unchanged over the past 2 meetings in September and November. Some notable key economic developments contributing to this was the gradual softening in the U.S. labour market coupled with lower inflationary data.

In the Asian credit landscape, the default crisis among China's property developers proved especially impactful. Majority of private developers defaulted on their bonds obligations, including offshore bonds. What initially began with Evergrande's default spread rapidly, affecting even high-quality developers. This situation led to a significant risk-off sentiment and widespread credit spread widening, not only in the High Yield sector but also among Investment Grade names in the same industry. Since January 2020, USD Asian High Yield bonds recorded a return of -21%*. Over the reporting period, overall home sales data in China had remained soft as policy easing measures in the China property space were insufficient to lift home-buyer sentiment.

Additionally, other challenges surfaced, such as the write-off of Credit Suisse Additional Tier 1 (“AT1”) securities by the Swiss regulator, Swiss Financial Market Supervisory Authority (“FINMA”), in March 2023. The Fund had an exposure to Credit Suisse AT1 securities at approximately 2.4% of the NAV. The write-off also had a spillover impact on the mark to market pricing of other AT1 securities in the market. Since then, we have seen a sizable recovery in bond prices during the period under review.

In Malaysia, Bank Negara Malaysia has continuously kept the Overnight Policy Rate unchanged at 3% since the last hike seen in May 2023, supported by the relatively benign inflation at around 2%. This has translated to relatively resilient local bond market yields over the period under review.

Lastly, the Malaysian Government implemented the foreign sourced income tax in 2022. As a transition measure, the foreign sourced income received in Malaysia from 1 January 2022 until 30 June 2022 was to be taxed at a 3% rate on a gross basis. The foreign sourced income received in Malaysia from 1 July 2022 was to be subject to tax based on the prevailing income tax rate which currently stands at 24%. This foreign sourced income tax on coupon and interest received affected the Fund’s performance.

These events highlight the extreme volatility and complexity of the global financial landscape during this period. Despite these challenges, we continue to adapt our strategies to navigate this environment to secure the best

possible outcomes for our investors. Kindly refer to the Strategies Employed section on measures that have been taken to manoeuvre the portfolio holdings during this period.

* Source: Bloomberg (As of November 30, 2023)

Investment Outlook

The current global economic landscape presents both challenges and opportunities. Despite the turbulence in the bond market and the unexpected sluggishness in China's recovery, several potential positive catalysts are in sight over the few quarters.

Firstly, the Fed is nearing the peak of its current rate hike cycle: As inflation trends move in a favourable direction and signs of a cooling labour market emerge, there is potential for stabilization in interest rates. There have been more central banks "pausing" in recent months notably Fed has paused since September. This stability could provide a more predictable environment for bond investments in the medium term. In addition, there is anticipation that central banks, including the Fed, might reduce interest rates if economic growth decelerates materially in 2024, thus supporting bond valuations. This could be driven by geopolitical events or a sharp deterioration in economic and labour market conditions.

Secondly, valuations of bonds have turned more attractive. After the sharp rise of interest rates in the last 2-3 years, bonds are offering an attractive yield carry and may benefit from rate cuts in 2024-2025. The Fed Fund Rate today is at 5.5%. The Manager expects the short to medium part of yield curve to be more defensive against any potential yield curve steepening.

Finally, China's government is expected to unveil additional stimulus policies in the coming quarters to reignite economic growth. While the property sector remains a concern, improved growth prospects in China could enhance investor sentiment in the Asian region.

On the flipside, it is worth cautioning on some possible scenarios that may have adverse implications on bond investments. For example, one of the risks is reacceleration of inflation in 2024. This could be anchored by consumer spending if the labour market remains tight. There is also potential for sharp rise in commodity prices due to supply shortages. Besides that, there have been continued speculation that Japan could 'exit' from its yield curve control policies. Such event could translate to pressure on bond yields globally. On the geopolitical front, there are various conflicts that are unfolding and may have mixed implications for bonds. All these warrants closer monitoring and may require nimble adjustments to bond positioning.

The Manager would like to emphasize that the final performance upon the Funds' maturity remain subject to various factors including market conditions. With the remaining tenure of the Fund, the Manager would continue to diligently monitor market dynamics, identify prudent investment opportunities, and employ risk management strategies with the aim of securing the best possible outcome for investors of the Fund.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

As per the requirements of the Securities Commission's Guidelines on Unit Trust Funds and Guidelines on Compliance Function for Fund Management Companies, 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, no soft commission was received by the Manager on behalf of the Fund.

Cross Trade

Cross trade transactions have been carried out during the reported period and the Investment Committee of the Fund has reviewed that such transaction are in the best interest of the Fund, transacted in the normal course of business at agreed terms and on a fair value basis.

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 Prospectus

Various amendments were made to the Fund's prospectus dated 19 March 2020. A communique dated 14 February 2023 with details of the amendments were issued to the investors with an effective date of 28 February 2023 ("Effective Date").

In general, the amendments made to the Prospectus are to reflect the following:

1. Requirements of Guidelines on Unit Trust Funds (Revised: 28 November 2022) and Prospectus Guidelines for Collective Investment Schemes (Revised; 1 September 2022);
2. Change in the shareholding of AHAM which took effect on 29 July 2022, whereby AHAM Asset Management Berhad ("AHAM") ceased to be a subsidiary of Affin Hwang Investment Bank and the Affin Banking Group. AHAM's ultimate major shareholders now, is CVC Capital Partners Asia Fund V, a private equity fund managed by CVC Capital Partners;
3. Amendments made to the Principal Deed which was registered and lodged with the SC on 16 January 2023 ("Supplemental Deed").

1. Change of Name of the Fund

Existing	Proposed
Affin Hwang Flexible Maturity Income Fund 15	<u>AHAM</u> Flexible Maturity Income Fund 15

2. Change in Definition of Business Days

Existing	Proposed
A day on which the Bursa Malaysia is open for trading. The Manager may declare certain Business Days a non-Business Day when deemed necessary, such as in the event of market disruption.	A day on which Bursa Malaysia <u>and/or one or more of the foreign markets in which the Fund is invested in are open for business/trading</u> . The Manager may declare certain Business Days a non-Business Day when deemed necessary, such as in the event of market disruption.

3. Change in Investment Restrictions and Limits

Existing	Proposed
a) The aggregate value of the Fund's investments in debentures, money market instruments, deposits and OTC derivatives issued by or placed with (as the case may be) any single issuer or institution shall not exceed 25% of the Fund's NAV;	(a) <u>The Fund's assets must be relevant and consistent with the investment objective of the Fund;</u>
b) The value of the Fund's investments in debentures issued by any single issuer shall not exceed 20% of the Fund's NAV;	(b) <u>The aggregate value of the Fund's investments in bonds that are not traded or dealt in or under the rules of an eligible market must not exceed 15% of the Fund's NAV, subject to a maximum limit of 10% of the Fund's NAV in a single issuer ("Exposure Limit").</u>
c) The single issuer limit in (b) may be increased to 30% if the debentures are rated by RAM, MARC, Standard	(c) The value of the Fund's placements in deposits with any single <u>financial</u> institution shall not exceed 20%

Existing	Proposed
<p>& Poor's, Moody's or Fitch to be of the best quality and offer highest safety for timely payment of interest and principal (i.e. AAA by RAM or its equivalent rated by other rating agencies);</p> <p>d) For the purpose of (a), where the single issuer limit is increased to 30% pursuant to item (c), the aggregate value of the Fund's investments shall not exceed 30% of the Fund's NAV;</p> <p>e) The value of the Fund's investments in debentures issued by any one group of companies shall not exceed 30% of the Fund's NAV;</p> <p>f) The aggregate value of the Fund's investments in debentures which are rated below investment grade i.e. lower than BBB3 rating by RAM or below investment grade rating by other rating agencies, must not exceed 40% of the Fund's NAV; The value of the Fund's placements in deposits with any single institution shall not exceed 20% of the Fund's NAV;</p> <p>g) The Fund's exposure from its derivatives position should not exceed the Fund's NAV at all times;</p> <p>h) For investments in derivatives:-</p> <ul style="list-style-type: none"> • The exposure to the underlying assets must not exceed the investment spread limits stipulated in the Schedule B of the Guidelines; and • The value of the Fund's OTC derivative transaction with any single counter-party shall not exceed 10% of the Fund's NAV; <p>i) The value of the Fund's investment in unlisted securities must not exceed 10% of the Fund's NAV. However, this exposure limit does not apply to:-</p> <ul style="list-style-type: none"> • Debentures traded on an OTC market; and • Structured products; <p>j) The value of the Fund's investments in structured products issued by a single counter-party must not exceed 15% of the Fund's NAV;</p> <p>k) The Fund's investments in debentures shall not exceed 20% of that issued by any single issuer;</p> <p>l) The Fund's investments in money market instruments shall not exceed 10% of the instruments issued by any single issuer – This limit does not apply to money market instruments that do not have a predetermined issue size;</p> <p>m) The limits and restrictions on the permitted investments set out in above does not apply to securities or instruments issued or guaranteed by the Malaysian government or Bank Negara Malaysia as stipulated in Schedule A of the Guidelines;</p> <p>n) The issuers of the OTC derivatives must be licensed financial institutions with a minimum long term rating of AA by RAM or its equivalent rated by other rating agencies; and</p> <p>o) Any other investment limits or restrictions imposed by the Guidelines applicable to the Fund.</p>	<p>of the Fund's NAV (<u>"Single Financial Institution Limit"</u>);</p> <p>(d) <u>The Single Financial Institution Limit does not apply to placements of deposits arising from:</u></p> <p>(i) <u>Subscription monies received prior to the commencement of investment by the Fund;</u></p> <p>(ii) <u>Liquidation of investments prior to the termination of the fund, where the placement of deposits with various financial institutions would not be in the best interests of unit holders; or</u></p> <p>(iii) <u>Monies held for the settlement of redemption or other payment obligations, where the placement of deposits with various financial institutions would not be in the best interest of unit holders.</u></p> <p>(e) For investments in derivatives/<u>embedded derivatives</u>, the exposure to the underlying assets of that derivative/<u>embedded derivative</u> must not exceed the investment restrictions or limitations applicable to <u>such underlying assets and investments</u> stipulated in the Guidelines and the value of the Fund's over-the-counter (OTC) derivative transaction with any single counter-party shall not exceed 10% of the Fund's NAV;</p> <p>(f) The Fund's <u>global</u> exposure from derivatives position shall not exceed the Fund's NAV at all times;</p> <p>(g) The aggregate value of the Fund's investments in <u>or exposure to, a single issuer through bonds, money market instruments, deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC derivatives</u> shall not exceed 25% of the Fund's NAV (<u>"Single Issuer Aggregate Limit"</u>). <u>In determining the Single Issuer Aggregate Limit, the value of the Fund's investments in instruments in Exposure Limit above issued by the same issuer must be included in the calculation;</u></p> <p>(h) The value of the Fund's investments in <u>bonds and money market instruments</u> issued by any single issuer must not exceed 20% of the Fund's NAV (<u>"Single Issuer Limit"</u>). <u>In determining the Single Issuer Limit, the value of the Fund's investments in instruments in Exposure Limit above issued by the same issuer must be included in the calculation;</u></p> <p>(i) The Single Issuer Limit above may be increased to 30% if the bonds are rated by any <u>Malaysian</u> or global rating agency to <u>have the highest long-term credit rating;</u></p> <p>(j) <u>Where the Single Issuer Limit is increased to 30% pursuant to above, the Single Issuer Aggregate Limit may be raised to exceed 30% of the Fund's NAV;</u></p>

Existing	Proposed
<p>The abovementioned restrictions and limits will be complied with at all times based on the up-to-date value of the Fund, and the value of its investments and instruments. However, a 5% allowance in excess of any limit or restriction imposed under the Guidelines is permitted where the limit or restriction is breached through the appreciation or depreciation of the NAV of the Fund (whether as a result of an appreciation or depreciation in value of the investments, or as a result of repurchase of Units or payment made from the Fund).</p> <p>We will not make any further acquisitions to which the relevant limit is breached and within a reasonable period of not more than three (3) months from the date of the breach, we will take all necessary steps and actions to rectify the breach.</p>	<p>(k) <u>The value of the Fund's investments in bonds and money market instruments issued by any group of companies must not exceed 30% of the Fund's NAV "(Group Limit)". In determining the Group Limit, the value of the Fund's investments in instruments in Exposure Limit above issued by the issuers within the same group of companies must be included in the calculation;</u></p> <p>(l) <u>The Single Issue Limit may be raised to 35% of the Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency;</u></p> <p>(m) <u>Where the Single Issuer Limit is increased to 35% of the Fund's NAV the Single Issuer Aggregate Limit may be raised, subject to the Group Limit not exceeding 35% of the Fund's NAV;</u></p> <p>(n) <u>The Fund's investments in transferable securities (other than bonds) must not exceed 10% of the securities issued by any single issuer;</u></p> <p>(o) <u>The Fund's investments in bonds must not exceed 20% of the bonds issued by any single issuer. This limit may be disregarded at the time of acquisition if at that time of acquisition the gross amount of bonds in issue cannot be determined;</u></p> <p>(p) <u>The Fund's investments in money market instruments shall not exceed 10% of the instruments issued by any single issuer. This does not apply to money market instruments that do not have a pre-determined issue size;</u></p> <p>(q) <u>Any other investment limits or restrictions imposed by the relevant regulatory authorities or pursuant to any laws and regulations applicable to the Fund.</u></p> <p><u>Please note that the above restrictions and limits do not apply to securities or instruments issued or guaranteed by the Malaysian government or Bank Negara Malaysia.</u></p> <p><u>In respect of the above investment restrictions and limits, any breach as a result of any (a) appreciation or depreciation in value of the Fund's investments; (b) repurchase of Units or payment made out of the Fund; (c) change in capital of a corporation in which the Fund has invested in; or (d) downgrade in or cessation of a credit rating, must be rectified as soon as practicable within three months from the date of the breach unless otherwise specified in the Guidelines. Nevertheless, the three-month period may be extended if it is in the best interests of Unit Holders and the Trustee's consent has been obtained. Such extension must be subject to at least a monthly review by the Trustee.</u></p>

4. Change in the Repurchase Proceeds Payout Period

Existing	Proposed
<p>You will be paid within ten (10) days from the day the repurchase request is received by us, provided that all documentations are completed and verifiable.</p>	<p>You will be paid within <u>seven (7) Business Days</u> from the day the repurchase request is received by us, provided that all documentations are completed and verifiable.</p>

5. Inserted Liquidity Risk Management

Existing	Proposed
Nil.	<p>We have established liquidity risk management policies to enable us to identify, monitor and manage the liquidity risk of the Fund in order to meet the <u>repurchase requests from the Unit Holders with minimal impact to the Fund as well as safeguarding the interests of the remaining Unit Holders. Such policies take into account, amongst others, the asset class of the Fund and the redemption policy of the Fund. To manage the liquidity risk, we have put in place the following procedures:</u></p> <ul style="list-style-type: none"> a) <u>Regular review by the designated fund manager on the Fund's investment portfolio including its liquidity profile;</u> b) <u>Daily monitoring of the Fund's net flows and periodic liquidity stress testing of the Fund's assets against repurchase requests during normal and adverse market conditions are performed as pre-emptive measures in tracking the Fund's liquidity status. This will ensure that we are prepared and able to take the necessary action proactively to address any liquidity concerns, which would mitigate the potential risks in meeting Unit Holders' repurchase requests; and</u> c) <u>Suspension of repurchase requests from the Unit Holders under exceptional circumstances where the market value or fair value of a material portion of the Fund's assets cannot be determined. During the suspension period, the repurchase requests from the Unit Holders will be accepted but will not be processed. Such repurchase requests will only be processed on the next Business Day once the suspension is lifted. That said, the action to suspend repurchase requests from the Unit Holders shall be exercised only as a last resort by the Manager having considered the best interests of Unit Holders.</u>

6. Inserted Suspension of Dealing in Units

Existing	Proposed
Nil.	<p>The Manager may, in consultation with the Trustee and having considered the interests of the Unit Holders, suspend the dealing in Units* due to exceptional circumstances, where there is good and sufficient reason to do so. The Manager will cease the suspension as soon as practicable after the exceptional circumstances have ceased, and in any event, within twenty-one (21) days from the commencement of suspension.</p> <p>The period of suspension may be extended if the Manager satisfies the Trustee that it is in the best interest of the Unit Holders for the dealing in Units to remain suspended, subject to a weekly review by the Trustee.</p> <p>The Trustee may suspend the dealing in Units, if the Trustee, on its own accord, considers that exceptional circumstances have been triggered. In such a case, the Trustee shall immediately call for a Unit Holders' meeting to decide on the next course of action.</p> <p>* The action to impose suspension shall only be exercised as a last resort by the Manager, as disclosed in the section on "Liquidity Risk Management".</p>

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF AHAM FLEXIBLE MATURITY INCOME FUND 15 (FORMERLY KNOWN AS AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15) ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 November 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AHAM Asset Management Berhad has operated and managed the fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the Deeds, securities laws and the the Guidelines on Unit Trust Funds;
2. Valuation and pricing are 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.

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

For TMF Trustees Malaysia Berhad

NORHAYATI BINTI AZIT
DIRECTOR – FUND SERVICES

Kuala Lumpur
26 January 2023

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023

**AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)**

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023

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AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
INVESTMENT INCOME/(LOSS)			
Interest income from financial assets at amortised cost		36,767	9,353
Interest income from financial assets at fair value through profit or loss		4,049,433	5,203,685
Net (loss)/gain on foreign currency exchange		(586,737)	383,585
Net loss on forward foreign currency contracts at fair value through profit or loss	12	(4,076,279)	(1,754,648)
Net gain/(loss) on financial assets at fair value through profit or loss	9	3,062,266	(16,483,258)
Other income		-	12,372
		<u>2,485,449</u>	<u>(12,628,911)</u>
EXPENSES			
Management fee	4	(160,202)	(176,353)
Trustee fee	5	(32,040)	(35,271)
Fund accounting fee	6	(9,750)	-
Auditors' remuneration		(8,000)	(8,000)
Tax agent's fee		(3,500)	(3,500)
Other expenses		(23,433)	(29,078)
		<u>(236,925)</u>	<u>(252,202)</u>
NET PROFIT/(LOSS) BEFORE TAXATION		2,248,524	(12,881,113)
Taxation	7	(802,103)	(863,388)
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u>1,446,421</u>	<u>(13,744,501)</u>
Net profit/(loss) after taxation is made up of the following:			
Realised amount		(5,525,091)	(836,347)
Unrealised amount		6,971,512	(12,908,154)
		<u>1,446,421</u>	<u>(13,744,501)</u>

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

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2023

	<u>Note</u>	<u>2023</u> RM	<u>2022</u> RM
ASSETS			
Cash and cash equivalents	11	6,056,824	694,102
Financial assets at fair value through profit or loss	9	70,819,003	78,386,920
Forward foreign currency contracts at fair value through profit or loss	12	-	2,840,832
Prepaid tax		-	297,500
TOTAL ASSETS		<u>76,875,827</u>	<u>82,219,354</u>
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	12	1,062,710	97,621
Amount due to Manager			
- management fee		12,410	12,994
Amount due to Trustee		2,482	2,599
Fund accounting fee		1,083	-
Auditors' remuneration		8,000	8,000
Tax agent's fee		3,500	3,500
Deferred tax liabilities	10	186,255	355,341
Other payables and accruals		3,061	3,397
Tax provision		43,456	119,459
TOTAL LIABILITIES		<u>1,322,957</u>	<u>602,911</u>
NET ASSET VALUE OF THE FUND		<u>75,552,870</u>	<u>81,616,443</u>
EQUITY			
Unitholders' capital		87,474,534	93,316,595
Accumulated losses		(11,921,664)	(11,700,152)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>75,552,870</u>	<u>81,616,443</u>
NUMBER OF UNITS IN CIRCULATION	13	<u>86,888,000</u>	<u>93,593,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.8695</u>	<u>0.8720</u>

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

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023

	Unitholders' <u>capital</u> RM	Accumulated <u>losses</u> RM	<u>Total</u> RM
Balance as at 1 December 2022	93,316,595	(11,700,152)	81,616,443
Total comprehensive income for the financial year	-	1,446,421	1,446,421
Distributions (Note 8)	-	(1,667,933)	(1,667,933)
Movement in unitholders' capital:			
Cancellation of units	(5,842,061)	-	(5,842,061)
Balance as at 30 November 2023	<u>87,474,534</u>	<u>(11,921,664)</u>	<u>75,552,870</u>
Balance as at 1 December 2021	94,022,199	4,471,750	98,493,949
Total comprehensive loss for the financial year	-	(13,744,501)	(13,744,501)
Distributions (Note 8)	-	(2,427,401)	(2,427,401)
Movement in unitholders' capital:			
Cancellation of units	(705,604)	-	(705,604)
Balance as at 30 November 2022	<u>93,316,595</u>	<u>(11,700,152)</u>	<u>81,616,443</u>

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

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023

	<u>2023</u> RM	<u>2022</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	44,752,586	15,059,099
Purchase of investments	(34,699,569)	(15,611,613)
Interest received	4,663,365	4,616,490
Management fee paid	(160,786)	(179,548)
Trustee fee paid	(32,157)	(35,910)
Fund accounting fee	(8,667)	-
Payment for other fees and expenses	(35,269)	(39,358)
Realised loss on forward foreign currency contracts	(270,358)	(1,078,053)
Net realised gain on foreign exchange	168,409	105,606
Tax paid	(749,692)	(647,500)
Other income received	-	12,372
	<hr/>	<hr/>
Net cash flows generated from operating activities	13,627,862	2,201,585
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for cancellation of units	(5,842,061)	(705,604)
Payment for distribution	(1,667,933)	(2,427,401)
	<hr/>	<hr/>
Net cash flows used in financing activities	(7,509,994)	(3,133,005)
	<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,117,868	(931,420)
EFFECTS OF FOREIGN CURRENCY EXCHANGE	(755,146)	277,979
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	694,102	1,347,543
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	11 <u>6,056,824</u>	<u>694,102</u>

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

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

The areas involving a higher degree of judgment 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 effective:

- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 ‘Onerous contracts - cost of fulfilling a contract’ (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.

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

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

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

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

B INCOME RECOGNITION

Interest income

Interest income from short-term deposits with licensed financial institution and unquoted fixed income securities are recognised based on effective interest rate method on an accrual basis.

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

Realised gains and losses on sale of investments

For unquoted fixed income securities, 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 cost adjusted for accretion of discount or amortisation of premium on investments.

C 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.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

C TAXATION (CONTINUED)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

D DISTRIBUTION

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

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 FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (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.

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

The Fund classifies amount due to Manager, amount due to Trustee, payables for auditors' remuneration, tax agent's fee, fund accounting 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.

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

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

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

**AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)**

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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 transactions are presented in the statement of comprehensive income within 'net gain/(loss) on financial assets at fair value through profit and loss' in the period which they arise.

Unquoted fixed income securities including money market instruments denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission ("SC") as per the SC's Guidelines on Unit Trust Funds. Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- (i) records its basis for using a non-BPA price;
- (ii) obtains necessary internal approvals to use the non-BPA price; and
- (iii) keeps an audit trail of all decisions and basis for adopting the market yield.

Unquoted fixed income securities including money market instruments denominated in foreign currencies are revalued at least twice a week by reference to the mid price quoted in Bloomberg using the Composite Bloomberg Bond Trader ("CBBT") which is a weighted average bid and ask of price contributions submitted by Bloomberg Dealers. However, if such quotations are not available, the fair value shall be determined by reference to the bid and offer prices quoted by independent and reputable financial institutions.

Financial assets at amortised cost and other financial liabilities, except forward foreign currency contracts, are subsequently carried at amortised cost using the effective interest method.

(iii) Impairment

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

Significant increase in credit risk

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

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

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

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

H CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and 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 changes in value.

**AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)**

I UNITHOLDERS' CAPITAL

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

- the units entitle the holder to a proportionate share of the Fund's net asset value;
- 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 unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the unitholders' option at prices based on the Fund's net asset value 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 unitholders with the total number of outstanding units.

J DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

**AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)**

K CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC's Guidelines on Unit Trust Funds.

L REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

The analysis of realised and unrealised profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unit Trust Funds.

**AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023**

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Affin Hwang Flexible Maturity Income Fund 15 (the “Fund”) pursuant to the execution of a Deed dated 23 September 2019 and First Supplemental Deed dated 16 January 2023 (the “Deed”) entered into between AHAM Asset Management Berhad (the “Manager”) and TMF Trustees Malaysia Berhad (the “Trustee”). The Fund has changed its name from Affin Hwang Flexible Maturity Income Fund 15 to AHAM Flexible Maturity Income Fund 15 as amended by First Supplemental Deed dated 16 January 2023.

The Fund commenced operations on 19 March 2020 and will continue its operations until terminated by the Trustee as provided under Clause 12.3 of the Deed or on maturity date of the Fund which falls on the fifth anniversary of the investment date, 23 April 2025, or such earlier date in accordance with the provisions of the Deed or subject to the early maturity feature.

The Fund may invest in any of the following investments:

- (a) Debentures;
- (b) Money market instruments;
- (c) Deposits;
- (d) Derivatives;
- (e) Structured products; and
- (f) Any other form of investments permitted by the SC from time to time which is in line with the objective of the Fund.

All investments will be subjected to the SC’s Guidelines on Unit Trust Funds, the Deeds and the objective of the Fund.

The main objective of the Fund is to provide income through investments in fixed income instruments.

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. On 10 November 2022, the Manager has changed its name from Affin Hwang Asset Management Berhad to AHAM Asset Management Berhad.

The financial statements were authorised for issue by the Manager on 26 January 2024.

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (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 <u>profit or loss</u> RM	<u>Total</u> RM
<u>2023</u>				
<u>Financial assets</u>				
Cash and cash equivalents		6,056,824	-	6,056,824
Unquoted fixed income securities	9	-	70,819,003	70,819,003
Total		<u>6,056,824</u>	<u>70,819,003</u>	<u>76,875,827</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	12	-	1,062,710	1,062,710
Amount due to Manager				
- management fee		12,410	-	12,410
Amount due to Trustee		2,482	-	2,482
Fund accounting fee		1,083	-	1,083
Auditors' remuneration		8,000	-	8,000
Tax agent's fee		3,500	-	3,500
Other payables and accruals		3,061	-	3,061
Total		<u>30,536</u>	<u>1,062,710</u>	<u>1,093,246</u>
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents		694,102	-	694,102
Unquoted fixed income securities	9	-	78,386,920	78,386,920
Forward foreign currency contracts	12	-	2,840,832	2,840,832
Total		<u>694,102</u>	<u>81,227,752</u>	<u>81,921,854</u>

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (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 <u>profit or loss</u> RM	<u>Total</u> RM
<u>2022 (continued)</u>				
<u>Financial liabilities</u>				
Forward foreign currency contracts	12	-	97,621	97,621
Amount due to Manager				
- management fee		12,994	-	12,994
Amount due to Trustee		2,599	-	2,599
Auditors' remuneration		8,000	-	8,000
Tax agent's fee		3,500	-	3,500
Other payables and accruals		3,397	-	3,397
Total		<u>30,490</u>	<u>97,621</u>	<u>128,111</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 Unit Trust Funds.

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>2023</u> RM	<u>2022</u> RM
Unquoted investments		
Unquoted fixed income securities*	<u>70,819,003</u>	<u>78,386,920</u>

* includes interest receivable of RM761,541 (2022: RM1,407,960).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

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

Market risk (continued)

(a) Price risk (continued)

The following table summarises the sensitivity of the Fund's profit/(loss) after taxation and net asset value ("NAV") to price risk movements. The analysis is based on the assumptions that the market price increased by 5% (2022: 1%) and decreased by 5% (2022: 1%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the unquoted securities.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on</u> <u>profit/(loss)</u> <u>after tax/NAV</u> RM
<u>2023</u>		
-5%	66,554,589	(3,502,873)
0%	70,057,462	-
+5%	73,560,335	3,502,873
	<u><u> </u></u>	<u><u> </u></u>
<u>2022</u>		
-1%	76,209,170	(769,790)
0%	76,978,960	-
+1%	77,748,750	769,790
	<u><u> </u></u>	<u><u> </u></u>

(b) Interest rate risk

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

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

Market risk (continued)

(b) Interest rate risk (continued)

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

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

The table below summarises the sensitivity of the Fund's profit/(loss) after taxation and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 2% (200 basis points) (2022: 2%) with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on profit/(loss) after tax/NAV</u>	
	<u>2023</u>	<u>2022</u>
	RM	RM
+ 2%	(960,240)	(833,201)
- 2%	160,601	850,923
	<u> </u>	<u> </u>

AHAM FLEXIBLE MATURITY INCOME FUND 15
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

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

Market risk (continued)

(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.

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

	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>2023</u>			
<u>Financial assets</u>			
Australian Dollar	575,580	34,171	609,751
Chinese Yuan	-	341	341
Singapore Dollar	4,300,929	4,523,068	8,823,997
United States Dollar	54,836,711	454,334	55,291,045
	<u>59,713,220</u>	<u>5,011,914</u>	<u>64,725,134</u>
		Forward foreign currency <u>contracts</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>			
Australian Dollar		15,759	15,759
Singapore Dollar		403,480	403,480
United States Dollar		643,471	643,471
		<u>1,062,710</u>	<u>1,062,710</u>

AHAM FLEXIBLE MATURITY INCOME FUND 15
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (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)

	Unquoted fixed income <u>securities</u> RM	Forward foreign currency <u>contracts</u> RM	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>2022</u>				
<u>Financial assets</u>				
Australian Dollar	540,027	7,122	11,036	558,185
Chinese Yuan	87,398	18,082	20,002	125,482
Singapore Dollar	10,916,548	52,456	55,583	11,024,587
United States Dollar	66,842,947	2,763,172	259,575	69,865,694
	<u>78,386,920</u>	<u>2,840,832</u>	<u>346,196</u>	<u>81,573,948</u>
<u>Financial liabilities</u>				
Singapore Dollar	-	95,625	-	95,625
United States Dollar	-	1,996	-	1,996
	<u>-</u>	<u>97,621</u>	<u>-</u>	<u>97,621</u>

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit/(loss) after taxation and NAV to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes based on each currency's respective historical volatility, with all other variables remain 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 (decrease)/increase in the net assets attributable to unitholders by each currency's respective historical volatility. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in rate %	Impact on profit/(loss) after tax/NAV RM
<u>2023</u>		
Australian Dollar	+/- 9.36%	+/- 55,598
Chinese Yuan	+/- 4.94%	+/- 17
Singapore Dollar	+/- 3.78%	+/- 318,296
United States Dollar	+/- 6.06%	<u>+/- 3,311,643</u>
<u>2022</u>		
Australian Dollar	+/- 11.39%	+/- 63,577
Chinese Yuan	+/- 5.21%	+/- 6,538
Singapore Dollar	+/- 4.27%	+/- 466,667
United States Dollar	+/- 4.68%	<u>+/- 3,269,621</u>

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 investment. 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.

For unquoted fixed income securities, the Manager regularly reviews the rating assigned to the issuer so that necessary steps can be taken if the rating falls below those described in the Deed and SC's Guidelines on Unit Trust Funds.

The settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

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FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted fixed income securities RM	Cash and cash equivalents RM	<u>Total</u> RM
<u>2023</u>			
Basic Materials			
- Baa2	5,551,391	-	5,551,391
- BBB+	1,391,566	-	1,391,566
Consumer Discretionary			
- AA1	3,064,874	-	3,064,874
- Ba1	2,645,369	-	2,645,369
- Baa3	1,839,953	-	1,839,953
Energy			
- Ba3	1,174,228	-	1,174,228
Financials			
- AA3	4,018,764	-	4,018,764
- AAA	-	6,056,824	6,056,824
- Ba1	2,331,422	-	2,331,422
- Baa1	6,718,692	-	6,718,692
- Baa2	3,625,676	-	3,625,676
- BBB	2,221,105	-	2,221,105
- BBB+	5,395,287	-	5,395,287
- BBB-	9,152,209	-	9,152,209
- Non-Rated ("NR")	404,867	-	404,867
Government			
- Aaa	1,340,995	-	1,340,995
Health Care			
- A+	1,990,902	-	1,990,902
Industrials			
- Baa1	3,656,570	-	3,656,570
- NR	5,208,007	-	5,208,007
Real Estate			
- AA+	2,031,243	-	2,031,243
Technology			
- Baa3	7,055,883	-	7,055,883
	<u>70,819,003</u>	<u>6,056,824</u>	<u>76,875,827</u>

AHAM FLEXIBLE MATURITY INCOME FUND 15
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted fixed income <u>securities</u> RM	Forward foreign currency <u>contracts</u> RM	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>2022</u>				
Basic Materials				
- Baa2	5,232,060	-	-	5,232,060
- Ba3	1,105,655	-	-	1,105,655
- BBB+	1,298,766	-	-	1,298,766
Consumer Discretionary				
- Baa3	1,638,585	-	-	1,638,585
- BBB-	4,002,045	-	-	4,002,045
- BBB+	1,707,737	-	-	1,707,737
Financial Services				
- AA1	-	125,200	-	125,200
- AA3	-	1,032,945	-	1,032,945
- AAA	-	1,305,637	694,102	1,999,739
- Baa3	8,560,314	-	-	8,560,314
- Baa2	3,330,651	-	-	3,330,651
- Baa1	3,010,978	-	-	3,010,978
- BBB	11,480,828	-	-	11,480,828
- BBB+	3,325,385	-	-	3,325,385
- BBB-	5,170,959	-	-	5,170,959
- B+	726,000	-	-	726,000
- B1	1,248,373	-	-	1,248,373
- NR	-	377,050	-	377,050
Industrials				
- Baa1	6,452,981	-	-	6,452,981
- Baa2	3,555,846	-	-	3,555,846
- NR	2,736,761	-	-	2,736,761
Real Estate				
- Baa1	793,555	-	-	793,555
- BBB-	1,480,292	-	-	1,480,292
- Caa2	752,047	-	-	752,047
- Caa3	502,864	-	-	502,864
- BB-	3,527,254	-	-	3,527,254
- B-	554,090	-	-	554,090
- NR	779,106	-	-	779,106

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted fixed income <u>securities</u> RM	Forward foreign currency <u>contracts</u> RM	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>2022</u> (continued)				
Technology				
- Baa2	3,864,689	-	-	3,864,689
- Baa3	1,549,099	-	-	1,549,099
	<u>78,386,920</u>	<u>2,840,832</u>	<u>694,102</u>	<u>81,921,854</u>

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 unitholders. Liquid assets comprise cash 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.

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2023</u>			
Forward foreign currency contracts at fair value through profit or loss	-	1,062,710	1,062,710
Amount due to Manager			
- management fee	12,410	-	12,410
Amount due to Trustee	2,482	-	2,482
Fund accounting fee	1,083	-	1,083
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	3,500	3,500
Other payables and accruals	-	3,061	3,061
	<u>15,975</u>	<u>1,077,271</u>	<u>1,093,246</u>

AHAM FLEXIBLE MATURITY INCOME FUND 15
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NOTES TO THE FINANCIAL STATEMENTS
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2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2022</u>			
Forward foreign currency contracts at fair value through profit or loss	60,928	36,693	97,621
Amount due to Manager			
- management fee	12,994	-	12,994
Amount due to Trustee	2,599	-	2,599
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	3,500	3,500
Other payables and accruals	-	3,397	3,397
	<u>76,521</u>	<u>51,590</u>	<u>128,111</u>

Capital risk

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

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 period end date. The Fund utilises the bid price for financial assets which falls within the bid-ask spread.

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

The fair value of financial assets 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 judgment, considering factors specific to the asset or liability.

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NOTES TO THE FINANCIAL STATEMENTS
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3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

The determination of what constitutes 'observable' requires significant judgment 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 and financial liabilities (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>2023</u>				
Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	70,819,003	-	70,819,003
	<u>-</u>	<u>70,819,003</u>	<u>-</u>	<u>70,819,003</u>
Financial liabilities at fair value through profit or loss:				
- forward foreign currency contracts	-	1,062,710	-	1,062,710
	<u>-</u>	<u>1,062,710</u>	<u>-</u>	<u>1,062,710</u>
<u>2022</u>				
Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	78,386,920	-	78,386,920
- forward foreign currency contracts	-	2,840,832	-	2,840,832
	<u>-</u>	<u>81,227,752</u>	<u>-</u>	<u>81,227,752</u>
Financial liabilities at fair value through profit or loss:				
- forward foreign currency contracts	-	97,621	-	97,621
	<u>-</u>	<u>97,621</u>	<u>-</u>	<u>97,621</u>

AHAM FLEXIBLE MATURITY INCOME FUND 15
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted fixed income securities and forward foreign currency contracts. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

(ii) The carrying values of cash and cash equivalents and all current liabilities, except for forward foreign currency contracts, 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 3.00% per annum on the NAV of the Fund, calculated on a daily basis.

For the financial year ended 30 November 2023, the management fee is recognised at a rate of 0.20% (2022: 0.20%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Prospectus.

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

5 TRUSTEE FEE

In accordance with the 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 and charges, calculated on a daily basis.

For the financial year ended 30 November 2023, the Trustee fee is recognised at a rate of 0.04% (2022: 0.04%) per annum on the NAV of the Fund, exclusive of foreign custodian fees and charges, calculated on a daily basis as stated in the Fund's Prospectus.

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

6 FUND ACCOUNTING FEE

The fund valuation and accounting fee for the Fund is RM9,750 (2022: RM Nil) during financial year.

AHAM FLEXIBLE MATURITY INCOME FUND 15
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

7 TAXATION

	<u>2023</u> RM	<u>2022</u> RM
Current taxation	982,043	508,047
Deferred tax (Note 10)	(169,086)	355,341
Over provision in previous financial year	(10,854)	-
	<u>802,103</u>	<u>863,388</u>

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

	<u>2023</u> RM	<u>2022</u> RM
Net profit/(loss) before taxation	<u>2,248,524</u>	<u>(12,881,113)</u>
Tax at Malaysian statutory rate of 24% (2022: 24%)	539,646	(3,091,467)
Tax effects of:		
(Investment income not subject to tax)/ investment loss not brought to tax	216,449	3,822,739
Expenses not deductible for tax purposes	16,134	15,924
Restriction on tax deductible expenses for Unit Trust Funds	40,728	44,605
Foreign income subject to different tax rate	-	71,587
Over provision in previous financial year	(10,854)	-
Tax expense	<u>802,103</u>	<u>863,388</u>

8 DISTRIBUTION

	<u>2023</u> RM	<u>2022</u> RM
Distributions to unitholders are from the following sources:		
Interest income	1,808,602	-
Previous year's realised income	495,173	2,427,401
Gross realised income	<u>2,303,775</u>	<u>2,427,401</u>
Less: Expenses	(82,936)	-
Less: Taxation	(552,906)	-
Net distribution amount	<u>1,667,933</u>	<u>2,427,401</u>

**AHAM FLEXIBLE MATURITY INCOME FUND 15
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)**

8 DISTRIBUTION (CONTINUED)

During the financial year ended 30 November 2023, distributions were made as follows:

<u>Ex-date</u>	<u>Gross distribution per unit (sen) RM</u>	<u>Net distribution per unit (sen) RM</u>
25.04.2023	2.4100	1.8100

During the financial year ended 30 November 2022, distributions were made as follows:

<u>Ex-date</u>	<u>Gross distribution per unit (sen) RM</u>	<u>Net distribution per unit (sen) RM</u>
25.4.2022	2.5750	2.5750

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

Included in distribution for the financial year is an amount of RM Nil (2022: RM2,427,401) made from previous financial year's realised income.

The Fund has incurred unrealised loss of RM Nil (2022: RM12,908,154) for the financial year ended 30 November 2023.

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2023</u> RM	<u>2022</u> RM
Financial assets at fair value through profit or loss:		
- unquoted fixed income securities – local	11,105,783	-
- unquoted fixed income securities – foreign	59,713,220	78,386,920
	<u>70,819,003</u>	<u>78,386,920</u>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- realised loss on sale of investments	(8,128,023)	(3,617,279)
- unrealised gain/(loss) on changes in fair value	11,190,288	(12,865,979)
	<u>3,062,265</u>	<u>(16,483,258)</u>

(a) Unquoted fixed income securities – local

(i) Unquoted fixed income securities – local as at 30 November 2023 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u>				
3.95% TG Excellence Bhd Call: 27.02.2025 (A+)	2,000,000	1,987,934	1,990,902	2.63
5.19% Genting RMTN Bhd 25.03.2027 (AA1)	3,000,000	3,041,610	3,064,874	4.06
4.0800% Sime Darby Property Bhd 21.08.2026 (AA+)	2,000,000	2,022,803	2,031,243	2.69
4.13% Malayan Banking Bhd Call: 25.09.2026 (AA3)	4,000,000	4,028,203	4,018,764	5.32
Total unquoted fixed income securities – local	<u>11,000,000</u>	<u>11,080,550</u>	<u>11,105,783</u>	<u>14.70</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>25,233</u>		
Total unquoted fixed income Securities – local		<u>11,105,783</u>		

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

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

- (a) Unquoted fixed income securities – local (continued)
- (ii) There is no investment in unquoted fixed income securities – local as at 30 November 2022
- (b) Unquoted fixed income securities – foreign
- (i) Unquoted fixed income securities – foreign as at 30 November 2023 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u>				
0.7500% United States Treasury N/B 15.11.2024 (Aaa)	1,397,700	1,357,991	1,340,995	1.77
5% Dah Sing Bank Ltd Call: 15.01.2029 (Baa1)	1,630,650	1,555,098	1,657,701	2.19
5.75% Celestial Miles Ltd Call: 31.01.2024 (NR)	1,397,700	1,404,429	1,416,886	1.88
8.1% Yinson Juniper Ltd Call: 29.03.2024 (NR)	3,727,200	3,467,922	3,791,121	5.02
3.375% CNAC HK Finbridge Co Ltd 19.06.2024 (Baa2)	2,329,500	2,202,683	2,335,061	3.09
4.125% Ford Motor Credit Co LLC 20.06.2024 (Ba1)	2,617,275	2,344,806	2,645,369	3.50
6.75% Times China Holdings Ltd 16.07.2023 (NR) **	5,124,900	4,978,050	404,867	0.54
3.375% Far East Horizon Ltd 18.02.2025 (BBB-)	1,863,600	1,757,377	1,792,142	2.37
3.3% DBS Group Holdings Ltd Call: 27.02.2025 (Baa1)	3,727,200	3,493,956	3,617,682	4.79
4.75% Indonesia Asahan Aluminium Tbk Call: 15.04.2025 (Baa2)	3,261,300	3,049,296	3,216,330	4.26
4.75% Phoenix Group Holdings PLC Call: 04.06.2026 (BBB+)	3,727,200	3,515,524	3,541,880	4.69
2.125% Meituan Call: 28.09.2025 (Baa3)	1,863,600	1,646,013	1,744,978	2.31
2.625% Far East Horizon Ltd 03.03.2024 (BBB-)	931,800	879,434	925,945	1.23
3.15% Mapletree Industrial Trust Call: 11.05.2026 (BBB-)	1,744,850	1,543,262	1,655,560	2.19
5.75% Argentum Netherlands BV Swiss Call: 15.08.2025 (BBB+)	1,863,600	1,765,467	1,853,407	2.45
4.75% Scentre Group Trust 2 Call: 24.06.2026 (Baa1)	931,800	840,227	867,729	1.15
8.25% Indika Energy Capital IV Call: 27.12.2023 (Ba3)	1,164,750	1,104,010	1,174,228	1.55

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

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

(b) Unquoted fixed income securities – foreign (continued)

(i) Unquoted fixed income securities – foreign as at 30 November 2023 are as follows:
(continued)

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u> (continued)				
5.625% Phoenix Group Holdings PLC Call: 29.01.2025 (BBB)	2,329,500	2,152,305	2,221,105	2.94
3.55% Sepco Virgin Ltd Call: 25.10.2024 (Baa1)	3,727,200	3,484,181	3,656,570	4.84
4% Geely Automobile Holdings Ltd Call: 09.12.2024 (Baa3)	1,863,600	1,748,218	1,839,953	2.45
2.625% AAC Technologies Holdings Inc Call: 02.05.2026 (Baa3)	931,800	774,407	834,848	1.10
3.695% BNP Paribas SA Call: 24.02.2027 (Baa1)	616,520	608,682	575,580	0.76
6.25% Credit Suisse Group AG Call: 18.12.2024 (NR) *	931,800	865,000	-	-
6.75% QBE Insurance Group Ltd Call: 02.12.2024 (BBB-)	4,659,000	4,811,994	4,778,562	6.32
5.5% Huarong Finance II Co Ltd 16.01.2025 (Ba1)	2,329,500	2,249,945	2,331,422	3.09
3.8% Nanyang Commercial Bank Ltd Call: 20.11.2024 (Baa2)	3,727,200	3,403,349	3,625,676	4.80
3% AAC Technologies Holdings Inc Call: 27.11.2024 (Baa3)	4,659,000	4,309,883	4,476,057	5.92
4.1% Chinalco Capital Holdings Ltd Call: 11.09.2024 (BBB+)	1,397,700	1,303,679	1,391,566	1.84
5.625% Credit Suisse Group AG Call: 06.06.2024 (NR) *	1,744,850	1,655,843	-	-
Total unquoted fixed income securities – foreign	<u>68,222,295</u>	<u>64,273,031</u>	<u>59,713,220</u>	<u>79.04</u>
Accumulated unrealised loss on unquoted fixed income securities – foreign		<u>(4,559,811)</u>		
Total unquoted fixed income securities – foreign		<u>59,713,220</u>		

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

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

(b) Unquoted fixed income securities – foreign (continued)

(ii) Unquoted fixed income securities – foreign as at 30 November 2022 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u>				
6.25% HSBC Holdings PLC Call: 23.03.2023 (Baa3)	4,442,000	4,365,064	4,307,432	5.28
6.5% Asahi Mutual Life Insurance Co Call: 05.09.2023 (BBB)	4,442,000	4,597,960	4,443,456	5.44
8% Country Garden Holdings Co Ltd Call: 21.12.2022 (BB-)	5,774,600	5,612,940	3,527,254	4.32
5.875% UBS Grp Funding Switzerland AG Call: 28.11.2023 (BBB)	4,060,375	3,979,289	4,185,838	5.13
8.1% Yinson Juniper Ltd Call: 29.03.2024 (NR)	2,665,200	2,640,598	2,736,761	3.35
3.375% CNAC HK Finbridge Co Ltd 19.06.2024 (Baa2)	2,221,000	2,206,351	2,168,334	2.66
4.125% Ford Motor Credit Co LLC 20.06.2024 (BBB-)	4,060,375	3,750,740	4,002,045	4.90
6.75% Times China Holdings Ltd Call: 16.07.2022 (Caa2)	4,886,200	4,896,625	752,047	0.92
6.95% Powerlong Real Estate Call: 23.07.2021 (Caa3)	888,400	857,526	179,555	0.22
7.4% KWG Group Holdings Ltd Call: 05.03.2022 (B-)	2,221,000	2,189,475	554,090	0.68
3.3% DBS Group Holdings Ltd Call: 27.02.2025 (Baa1)	2,665,200	2,553,471	2,470,951	3.03
3.25% MCC Holding Hong Kong Corp Ltd Call: 12.03.2023 (Baa2)	3,553,600	3,472,361	3,555,846	4.36
4.75% Indonesia Asahan Aluminium Tbk Call: 15.04.2025 (Baa2)	3,109,400	3,045,783	3,063,726	3.75
4.75% Phoenix Group Holdings PLC Call: 04.06.2026 (BBB+)	3,553,600	3,531,649	3,325,385	4.07
5.85% CIFI Holdings Group Co Ltd Call: 19.08.2022 (NR)	628,000	626,915	87,398	0.11
2.125% Meituan Dianping Call: 28.09.2025 (Baa3)	1,776,800	1,589,193	1,549,099	1.90

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

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

(b) Unquoted fixed income securities – foreign (continued)

(ii) Unquoted fixed income securities – foreign as at 30 November 2022 are as follows:
(continued)

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u> (continued)				
5.95% Powerlong Real Estate Call: 30.04.2023 (Caa3)	888,400	859,099	167,440	0.21
2.25% Huaxin Cement International Finance Co 19.11.2025 (Baa1)	3,553,600	3,291,889	3,041,348	3.73
2.625% Far East Horizon Ltd 03.03.2024 (BBB-)	888,400	854,131	789,536	0.97
3.15% Mapletree Industrial Trust Call: 11.05.2026 (BBB-)	1,624,150	1,543,053	1,480,292	1.81
4.9% Powerlong Real Estate Call: 13.05.2024 (Caa3)	888,400	844,869	155,869	0.19
3.695% BNP Paribas SA Call: 24.02.2027 (Baa1)	597,360	608,507	540,027	0.66
6.25% Credit Suisse Group AG Call: 18.12.2024 (B+)	888,400	870,627	726,000	0.89
6.75% QBE Insurance Group Ltd Call: 02.12.2024 (BBB-)	4,442,000	4,813,959	4,381,423	5.37
5.5% Huarong Finance II Co Ltd 16.01.2025 (Baa3)	4,442,000	4,575,939	4,252,882	5.21
5.75% Argentum Netherlands BV Swiss Call: 15.08.2025 (BBB+)	1,776,800	1,763,691	1,707,737	2.09
4.75% Scentre Group Trust 2 Call: 24.06.2026 (Baa1)	888,400	839,739	793,555	0.97
8.25% Indika Energy Capital IV Call: 22.10.2022 (Ba3)	1,110,500	1,103,523	1,105,655	1.35
5.625% Phoenix Group Holdings PLC Call: 29.01.2025 (BBB)	3,109,400	2,960,224	2,851,534	3.49
3.55% Sepco Virgin Ltd Call: 25.10.2024 (Baa1)	3,553,600	3,459,826	3,411,633	4.18

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

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

(b) Unquoted fixed income securities – foreign (continued)

(ii) Unquoted fixed income securities – foreign as at 30 November 2022 are as follows:
(continued)

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u> (continued)				
6.45% CIFI Holdings Group Co Ltd Call: 07.11.2022 (NR)	3,553,600	3,581,540	691,708	0.86
4% Geely Automobile Holdings Ltd Call: 09.12.2024 (Baa3)	1,776,800	1,701,027	1,638,585	2.01
3.8% Nanyang Commercial Bank Ltd Call: 20.11.2024 (Baa2)	3,553,600	3,388,883	3,330,651	4.08
3% AAC Technologies Holdings Inc Call: 27.11.2022 (Baa2)	4,442,000	4,255,709	3,864,689	4.74
4.1% Chinalco Capital Holdings Ltd Call: 11.09.2024 (BBB+)	1,332,600	1,302,829	1,298,766	1.59
5.625% Credit Suisse Group AG Call: 06.06.2024 (B1)	1,624,150	1,576,782	1,248,373	1.53
Total unquoted fixed income securities – foreign	<u>95,881,910</u>	<u>94,111,786</u>	<u>78,386,920</u>	<u>96.05</u>
Accumulated unrealised loss on unquoted fixed income securities – foreign		<u>(15,724,866)</u>		
Total unquoted fixed income securities – foreign		<u>78,386,920</u>		

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

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

*Credit Suisse Group AG

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 had formally completed the acquisition of Credit Suisse. The now-enlarged UBS will have a balance sheet of USD1.6 trillion. According to news during the reporting period, UBS was also looking to reduce the total combined workforce by around 30% or 25,000 employees. Credit Suisse’s total headcount was reported at around 45,000.

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 posted its quarterly earnings results following its acquisition of Credit Suisse. It reported a quarterly profit before tax of USD29.2 billion, including a USD28.9 billion of negative goodwill from the acquisition. If excluding the negative goodwill and also integration-related expenses and acquisition costs, UBS’s adjusted profit before tax is USD1.1 billion. UBS also provided updates on the integration of Credit Suisse and financial targets by year-end 2026. Amongst the targets, UBS is aiming for USD10 billion worth of cost savings that is aimed to be achieved through the restructuring of its non-core and Credit Suisse Investment Banking segments, as well as from business synergies across its core businesses. UBS reported a Common Equity Tier 1 (“CET1”) capital ratio of 14.4% and targets a ~14% CET1 capital ratio over the medium term.

Since the announcement in March 2023, 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 \$6 billion of AT1 claims, while Pallas’s clients holds about \$2 billion of Credit Suisse AT1 securities. As of 7 June 2023, Quinn Emanuel has informed the Manager and other global AT1 bondholders that the Swiss Federal Administrative Court (“SFAC”) has effectively acknowledged receipt of the filing made by Quinn Emanuel on 18 April 2023. The legal proceeding is currently ongoing, and the Manager will maintain close communications with Quinn Emanuel on the progress of the lawsuit.

**AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)**

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

** Times China Holdings Ltd ("Times China")

Times China officially defaulted on their offshore debt obligations after not being able to cure their missed coupons, for 6.6% senior notes due 2023, within the 30 days grace period which ended on 30 December 2022. The default highlighted the tough operating environment and tight liquidity positions of the smaller developers. According to Times China's 1H2023 interim report, it has completed the restructuring of its onshore bonds. Restructuring terms include maturity extension by 3 to 4 years and installment payments on a quarterly basis. The onshore restructuring plan was approved in May 2023, and it was reported that Times China paid the initial installment to its onshore bondholders. Times China has hired CICC as its financial advisor for offshore debt restructuring. The Manager awaits further details on the restructuring plan of the offshore bonds.

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

10 DEFERRED TAX LIABILITIES

	<u>2023</u> RM	<u>2022</u> RM
Deferred tax liabilities	186,255	355,341

The movements in the deferred tax liabilities balances are as follows:

	Foreign interest receivables on financial assets at fair value <u>through profit or loss</u>	
	<u>2023</u> RM	<u>2022</u> RM
Balance at the beginning of the financial year	355,341	-
Transfer to income statement (Note 7)	(169,086)	355,341
Balance as at the end of the financial year	186,255	355,341

11 CASH AND CASH EQUIVALENTS

	<u>2023</u> RM	<u>2022</u> RM
Cash and bank balances	5,032,436	373,716
Deposit with a licensed financial institution	1,024,388	320,386
	6,056,824	694,102

Weighted average effective interest rates per annum of deposit with a licensed financial institution is as follows:

	<u>2023</u> %	<u>2022</u> %
Deposit with a licensed financial institution	3.00	2.75

The deposit with a licensed financial institution has an average remaining maturity period of 1 day (2022: 1 day).

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

12 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 12 (2022: 16) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM60,400,935 (2022: RM76,497,878). The forward foreign currency contracts entered into during the financial year were for hedging against the currency exposure arising from the investment in the foreign unquoted fixed income securities denominated in Australia Dollar, Singapore Dollar and United States Dollar. As the Fund has not adopted hedge accounting during the financial year, the changes in the fair value of the forward foreign currency contracts are recognised immediately in the statement of comprehensive income.

	<u>2023</u> RM	<u>2022</u> RM
Financial assets at fair value through profit or loss:		
- forward foreign currency contracts	-	2,840,832
Financial liabilities at fair value through profit or loss:		
- forward foreign currency contracts	1,062,710	97,621
Net loss on forward foreign currency contracts at fair value through profit or loss		
- realised loss on forward foreign currency contracts	(270,359)	(1,078,053)
- unrealised loss on changes in fair value	(3,805,920)	(676,595)
	<u>(4,076,279)</u>	<u>(1,754,648)</u>

(a) Forward foreign currency contracts

(i) Forward foreign currency contracts as at 30 November 2023 are as follows:

<u>Name of issuer</u>	<u>Receivables</u> RM	<u>Payables</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
Affin Hwang Investment Bank Bhd#	28,759,785	29,546,700	(786,915)	(1.04)
BNP Paribas Malaysia Bhd	599,780	615,540	(15,759)	(0.02)
CIMB Bank Bhd	26,986,300	27,199,980	(213,681)	(0.28)
JP Morgan Chase Bank Bhd	4,055,070	4,101,425	(46,355)	(0.06)
Total forward foreign currency contracts	<u>60,400,935</u>	<u>61,463,645</u>	<u>(1,062,710)</u>	<u>(1.40)</u>

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

12 FORWARD FOREIGN CURRENCY CONTRACTS (CONTINUED)

(a) Forward foreign currency contracts (continued)

(ii) Forward foreign currency contracts as at 30 November 2022 are as follows:

<u>Name of issuer</u>	<u>Receivables</u> RM	<u>Payables</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
Affin Hwang Investment Bank Bhd#	30,434,775	29,438,523	996,252	1.22
Bank of America Malaysia Bhd	6,015,990	5,638,940	377,050	0.46
BNP Paribas Malaysia Bhd	7,740,094	7,614,894	125,200	0.15
CIMB Bank Bhd	27,566,135	26,260,498	1,305,637	1.60
JP Morgan Chase Bank Bhd	4,740,884	4,801,812	(60,928)	(0.07)
	<u>76,497,878</u>	<u>73,754,667</u>	<u>2,743,211</u>	<u>3.36</u>
Total forward foreign currency contracts				

The Manager is of the opinion that all transactions with the former immediate holding company of the Manager have been entered in the normal course of business of agreed terms between the related parties.

13 NUMBER OF UNITS IN CIRCULATION

	<u>2023</u> No. of units	<u>2022</u> No. of units
At the beginning of the financial year	93,593,000	94,385,000
Cancellation of units	(6,705,000)	(792,000)
At the end of the financial year	<u>86,888,000</u>	<u>93,593,000</u>

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

14 TRANSACTIONS WITH DEALERS

- (i) Details of transactions with the top 10 dealers for the financial year ended 30 November 2023 are as follows:

<u>Name of dealers</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>
Nomura Singapore Ltd	7,631,745	16.16
Barclays Bank PLC	5,662,677	11.99
Australia & New Zealand Banking Group Ltd	5,264,595	11.15
Affin Hwang Investment Bank Bhd #	4,981,320	10.55
Maybank Investment Bank Bhd	3,998,000	8.46
Morgan Stanley Asia Ltd	3,878,024	8.21
Citigroup Global Markets Ltd	3,015,333	6.38
HSBC Banking Corporation Ltd	2,232,096	4.73
Jefferies International Ltd	2,214,793	4.69
Malayan Banking Bhd	2,000,000	4.23
Others #	6,353,950	13.45
	47,232,533	100.00

- (ii) Details of transactions with the top 10 dealers for the financial year ended 30 November 2022 are as follows:

<u>Name of dealers</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>
DBS Bank Ltd	6,393,328	20.86
Bank of America Malaysia Bhd	3,680,953	12.01
Barclays Bank PLC	2,672,690	8.71
Citic Securities Brokerage (HK) Ltd	2,515,455	8.21
HSBC Banking Corporation Ltd	2,348,930	7.66
Haitong International Securities Company Ltd	2,167,623	7.07
BNP Paribas Malaysia Bhd	2,159,958	7.05
Australia & New Zealand Banking Group Ltd	2,124,821	6.93
Standard Chartered Bank Malaysia Bhd	1,646,002	5.37
Citigroup Global Markets Malaysia Sdn Bhd	1,604,163	5.23
Others #	3,341,967	10.90
	30,655,890	100.00

**AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)**

14 TRANSACTIONS WITH DEALERS (CONTINUED)

Included in the transactions with dealers are cross trades conducted between the Fund and other funds; and private mandates managed by the Manager amounting to:

<u>Name of dealers</u>	<u>2023</u> RM	<u>2022</u> RM
Affin Hwang Investment Bank Bhd	4,981,320	-
MarketAxess Holdings INC	891,432	930,252
	<u>5,872,752</u>	<u>930,252</u>

The cross trades are conducted between the Fund and other funds; and private mandates managed by the Manager as follows:

	<u>2023</u> RM	<u>2022</u> RM
AHAM Bond Fund	1,967,400	-
AHAM Target Maturity Income Fund (formerly known as Affin Hwang Target Maturity Income Fund)	3,013,920	-
Private Mandates	891,432	930,252
	<u>5,872,752</u>	<u>930,252</u>

**AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)**

15 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")	Former ultimate holding corporate body of the Manager and substantial shareholder of the Manager
Affin Bank Berhad ("ABB")	Former penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Former immediate holding company of the Manager
Starlight TopCo Limited	Penultimate holding company of the Manager
Starlight Universe Limited	Intermediate holding company of the Manager
Starlight Asset Sdn Bhd	Immediate holding company of the Manager
Nikko Asset Management International Limited ("NAMI")	Former substantial shareholder of the Manager
Nikko Asset Management Co., Ltd ("NAM")	Substantial shareholder of the Manager
AHAM Asset Management Berhad	The Manager
Subsidiaries and associated companies of CVC Asia V as disclosed in their financial statements	Subsidiaries and associated companies of the ultimate holding company of the Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiaries and associated companies of the former penultimate holding company of the Manager
Directors of AHAM Asset Management Berhad	Directors of the Manager

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

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

The number of units held by the Manager and related parties as at the end of the financial year as follows:

	<u>2023</u>		<u>2022</u>	
<u>The Manager:</u>	No. of units	RM	No. of units	RM
AHAM Asset Management Berhad (The units are held legally for booking purposes)	2,207	1,919	3,106	2,708
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

16 TOTAL EXPENSE RATIO (“TER”)

	<u>2023</u>	<u>2022</u>
	%	%
TER	0.30	0.29
	<u> </u>	<u> </u>

TER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee fee
C	=	Fund accounting fee
D	=	Auditors' remuneration
E	=	Tax agent's fee
F	=	Other expenses
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 RM80,100,400 (2022: RM88,176,152).

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2023 (CONTINUED)

17 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2023</u>	<u>2022</u>
PTR (times)	<u>0.55</u>	<u>0.19</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 = RM34,699,569 (2022: RM15,611,613)
total disposal for the financial year = RM52,880,609 (2022: RM18,676,379)

18 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Change in substantial shareholders of AHAM Asset Management Berhad

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

AHAM FLEXIBLE MATURITY INCOME FUND 15
(FORMERLY KNOWN AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15)

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 45 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 November 2023 and of its financial performance, changes in equity and cash flows for the financial year ended 30 November 2023 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
26 January 2024

INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF AHAM FLEXIBLE MATURITY INCOME FUND 15
(Formerly Known as Affin Hwang Flexible Maturity Income Fund 15)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of AHAM Flexible Maturity Income Fund 15 (“the Fund”) (formerly known as Affin Hwang Flexible Maturity Income Fund 15) give a true and fair view of the financial position of the Fund as at 30 November 2023, 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 November 2023, 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 a summary of significant accounting policies, as set out on pages 1 to 45.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors’ report thereon

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

INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF AHAM FLEXIBLE MATURITY INCOME FUND 15
(CONTINUED)
(Formerly Known as Affin Hwang Flexible Maturity Income Fund 15)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Responsibilities of the Manager for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF AHAM FLEXIBLE MATURITY INCOME FUND 15
(CONTINUED)
(Formerly Known as Affin Hwang Flexible Maturity Income Fund 15)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF AHAM FLEXIBLE MATURITY INCOME FUND 15
(CONTINUED)
(Formerly Known as Affin Hwang Flexible Maturity Income Fund 15)

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
26 January 2024

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