



ANNUAL REPORT
31 May 2024

AHAM Absolute Return Fund II

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

CUSTODIAN
Deutsche Bank (Malaysia) Berhad
199401026871 (312552-W)

Built On Trust

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AHAM ABSOLUTE RETURN FUND II

Annual Report and Audited Financial Statements For the Financial Year Ended 31 May 2024

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FUND INFORMATION

Fund Name	AHAM Absolute Return Fund II
Fund Type	Growth
Fund Category	Mixed Assets
Investment Objective	The Fund is categorised as growth fund which seeks to achieve medium to long-term capital appreciation by investing primarily in securities of developed and emerging markets globally
Benchmark	Absolute return of 8% per annum
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate.

FUND PERFORMANCE DATA

Category	As at 31 May 2024 (%)	As at 31 May 2023 (%)	As at 31 May 2022 (%)
Portfolio Composition			
Quoted equities – local			
- Utilities	8.07	2.42	2.30
Total quoted equities – local	8.07	2.42	2.30
Quoted equities – foreign			
- Consumer Discretionary	11.72	9.61	9.49
- Consumer Staples	3.58	7.69	5.77
- Energy	2.06	-	1.57
- Financial Services	12.09	4.97	8.03
- Health Care	6.06	2.60	3.67
- Industrial	3.79	2.15	-
- Preference share	-	-	-
- Real Estate	-	7.26	7.21
- Technology	23.24	26.05	12.35
- Total quoted equities – foreign	62.54	60.33	48.09

FUND PERFORMANCE DATA (CONTINUED)

Category	As at 31 May 2024 (%)					As at 31 May 2023 (%)					As at 31 May 2022 (%)				
Collective investment scheme – local	12.17					18.33					11.27				
Collective investment scheme – foreign	0.71					0.57					0.47				
Exchange-traded funds – foreign	6.77					4.99					1.63				
Cash & cash equivalent	9.74					13.36					36.24				
Total	100.00					100.00					100.00				
Currency class	MYR Class	AUD Class	USD Class	SGD Class	GBP Class	MYR Class	AUD Class	USD Class	GBP Class	SGD Class	MYR Class	AUD Class	USD Class	GBP Class	SGD Class
Total NAV (million)	282.520	1.535	5.918	3.634	0.222	339.516	2.183	9.347	0.220	3.617	391.824	2.117	12.766	0.321	4.150
NAV per Unit (in respective currencies)	1.4291	0.5543	0.4745	0.4904	0.5329	1.2913	0.5241	0.4375	0.5060	0.4533	1.3170	0.5082	0.4702	0.5323	0.4921
Unit in Circulation (million)	197.693	2.769	12.472	7.410	0.416	262.921	4.166	21.362	0.434	7.980	297.517	4.166	27.151	0.603	8.433
Highest NAV	1.4629	0.5704	0.4825	0.4972	0.5451	1.3421	0.5425	0.4944	0.5711	0.5003	1.6147	0.6277	0.6115	0.6277	0.6230
Lowest NAV	1.2465	0.4926	0.4069	0.4266	0.4752	1.2023	0.4817	0.3974	0.4911	0.4298	1.2571	0.4999	0.4521	0.5116	0.4802
Return of the fund (%)						-1.95	3.13	-6.95	-4.94	-7.88	-18.21	-16.87	-22.92	-13.35	-20.06
- Capital Return (%)	10.67	5.76	8.46	8.18	5.32	-1.95	3.13	-6.95	-4.94	-7.88	-18.21	-16.87	-22.92	-13.35	-20.06
- Income Return (%)	10.67	5.76	8.46	8.18	5.32	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Expense Ratio (%) ¹			1.05					1.04					1.15		
Portfolio Turnover Ratio (times) ²			1.31					0.83					1.52		

¹ The Fund's TER was higher than previous year due to lower average NAV of the Fund incurred during the financial year.

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

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

The performance figures are a comparison of the growth/decline in Net Asset Value (“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	=	Capital return x Income return – 1

Income Distribution / Unit Split

No income distributions or unit splits were declared for the financial year ended 31 May 2024.

Income Distribution Breakdown

No income distribution was declared for the financial year ended 31 May 2024.

Fund Performance

Table 1: Performance of the Fund

	1 Year (1/6/23 - 31/5/24)	3 Years (1/6/21 - 31/5/24)	5 Years (1/6/19 - 31/5/24)	Since Commencement (8/1/08 - 31/5/24)
Benchmark	8.00%	26.00%	46.99%	253.53%
MYR Class	10.67%	(11.25%)	18.84%	185.82%
Outperformance	2.67%	(37.25%)	(28.15%)	(67.71%)
	1 Year (1/6/23 - 31/5/24)	3 Years (1/6/21 - 31/5/24)	5 Years (1/6/19 - 31/5/24)	Since Commencement (30/3/18 - 31/5/24)
Benchmark	8.00%	26.00%	46.99%	60.88%
AUD Class	5.76%	(9.32%)	12.37%	10.86%
Outperformance	(2.24%)	(35.32%)	(34.62%)	(50.02%)
GBP Class	5.32%	(13.25%)	6.79%	6.58%
Outperformance	(2.68%)	(39.25%)	(40.20%)	(54.30%)
SGD Class	8.18%	(20.34%)	4.61%	(1.92%)
Outperformance	0.18%	(46.34%)	(42.38%)	(62.80%)
USD Class	8.46%	(22.21%)	6.41%	(5.10%)
Outperformance	0.46%	(48.21%)	(40.58%)	(65.98%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/6/23 - 31/5/24)	3 Years (1/6/21 - 31/5/24)	5 Years (1/6/19 - 31/5/24)	Since Commencement (8/1/08 - 31/5/24)
Benchmark	8.00%	8.00%	8.00%	8.00%
MYR Class	10.67%	(3.90%)	3.51%	6.61%
Outperformance	2.67%	(11.90%)	(4.49%)	(1.39%)

	1 Year (1/6/23 - 31/5/24)	3 Years (1/6/21 - 31/5/24)	5 Years (1/6/19 - 31/5/24)	Since Commencement (30/3/18 - 31/5/24)
Benchmark	8.00%	8.00%	8.00%	8.00%
AUD Class	5.76%	(3.21%)	2.36%	1.68%
Outperformance	(2.24%)	(11.21%)	(5.64%)	(6.32%)
GBP Class	5.32%	(4.62%)	1.32%	1.04%
Outperformance	(2.68%)	(12.62%)	(6.68%)	(6.96%)
SGD Class	8.18%	(7.29%)	0.90%	(0.31%)
Outperformance	0.18%	(15.29%)	(7.10%)	(8.31%)
USD Class	8.46%	(8.03%)	1.25%	(0.84%)
Outperformance	0.46%	(16.03%)	(6.75%)	(8.84%)

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2024 (1/6/23 - 31/5/24)	FYE 2023 (1/6/22 - 31/5/23)	FYE 2022 (1/6/21 - 31/5/22)	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (1/6/19 - 31/5/20)
Benchmark	8.00%	8.00%	8.00%	8.00%	8.02%
MYR Class	10.67%	(1.95%)	(18.21%)	22.29%	9.50%
Outperformance	2.67%	(9.95%)	(26.21%)	14.29%	1.48%

	FYE 2024 (1/6/23 - 31/5/24)	FYE 2023 (1/6/22 - 31/5/23)	FYE 2022 (1/6/21 - 31/5/22)	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (1/6/19 - 31/5/20)
Benchmark	8.00%	8.00%	8.00%	8.00%	8.02%
AUD Class	5.76%	3.13%	(16.87%)	12.85%	9.81%
Outperformance	(2.24%)	(4.87%)	(24.87%)	4.85%	1.79%
GBP Class	5.32%	(4.94%)	(13.35%)	14.18%	7.82%
Outperformance	(2.68%)	(12.94%)	(21.35%)	6.18%	(0.20%)
SGD Class	8.18%	(7.88%)	(20.06%)	21.20%	8.34%
Outperformance	0.18%	(15.88%)	(28.06%)	13.20%	0.32%
USD Class	8.46%	(6.95%)	(22.92%)	29.59%	5.56%
Outperformance	0.46%	(14.95%)	(30.92%)	21.59%	(2.46%)

Source of Benchmark: Bloomberg

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 June 2023 to 31 May 2024)

MYR Class

For the period 1 June 2023 to 31 May 2024, the Fund registered a 10.67% return compared to the benchmark return of 8.00%. The Fund thus outperformed the Benchmark by 2.67%. The NAV of the Fund as at 31 May 2024 was MYR1.4291 while the NAV as at 31 May 2023 was MYR1.2913.

Since commencement, the Fund has registered a return of 185.82% compared to the benchmark return of 253.53%, underperforming by 67.71%.

AUD Class

For the period 1 June 2023 to 31 May 2024, the Fund registered a 5.76% return compared to the benchmark return of 8.00%. The Fund thus underperformed the Benchmark by 2.24%. The NAV per unit of the Fund as at 31 May 2024 was AUD0.5543 while the NAV as at 31 May 2023 was AUD0.5241.

Since commencement, the Fund has registered a return of 10.86% compared to the benchmark return of 60.88%, underperforming by 50.02%.

GBP Class

For the period 1 June 2023 to 31 May 2024, the Fund registered a 5.32% return compared to the benchmark return of 8.00%. The Fund thus underperformed the Benchmark by 2.68%. The NAV per unit of the Fund as at 31 May 2024 was GBP0.5329 while the NAV as at 31 May 2023 was GBP0.5060.

Since commencement, the Fund has registered a return of 6.58% compared to the benchmark return of 60.88%, underperforming by 54.30%.

SGD Class

For the period 1 June 2023 to 31 May 2024, the Fund registered a 8.18% return compared to the benchmark return of 8.00%. The Fund thus outperformed the Benchmark by 0.18%. NAV per unit of the Fund as at 31 May 2024 was SGD0.4904 while the NAV as at 31 May 2023 was SGD0.4533.

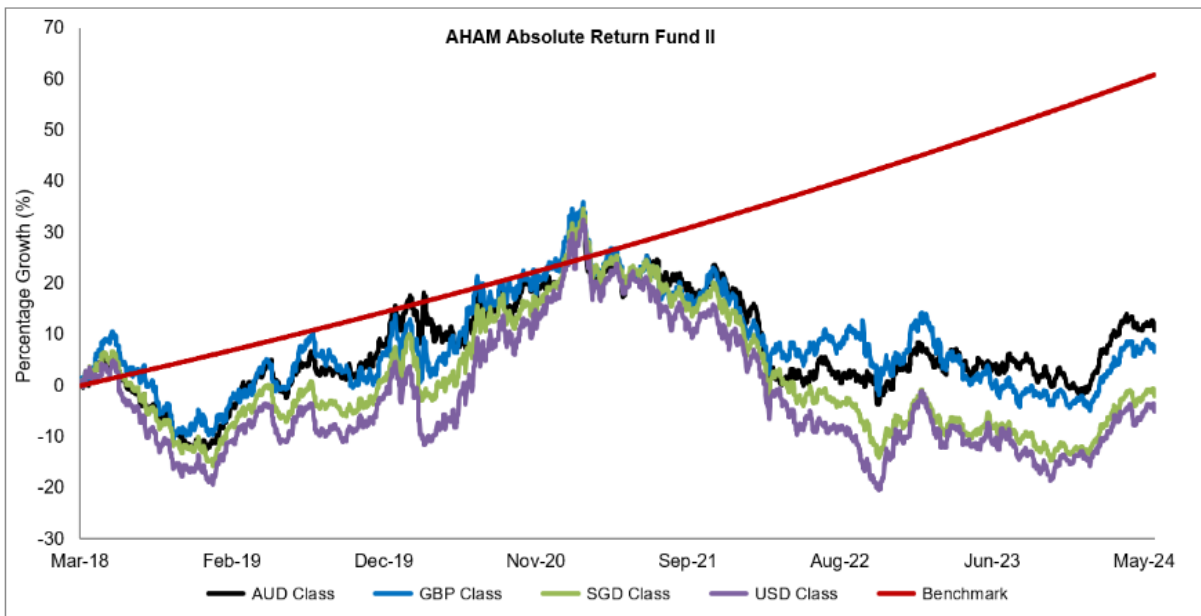
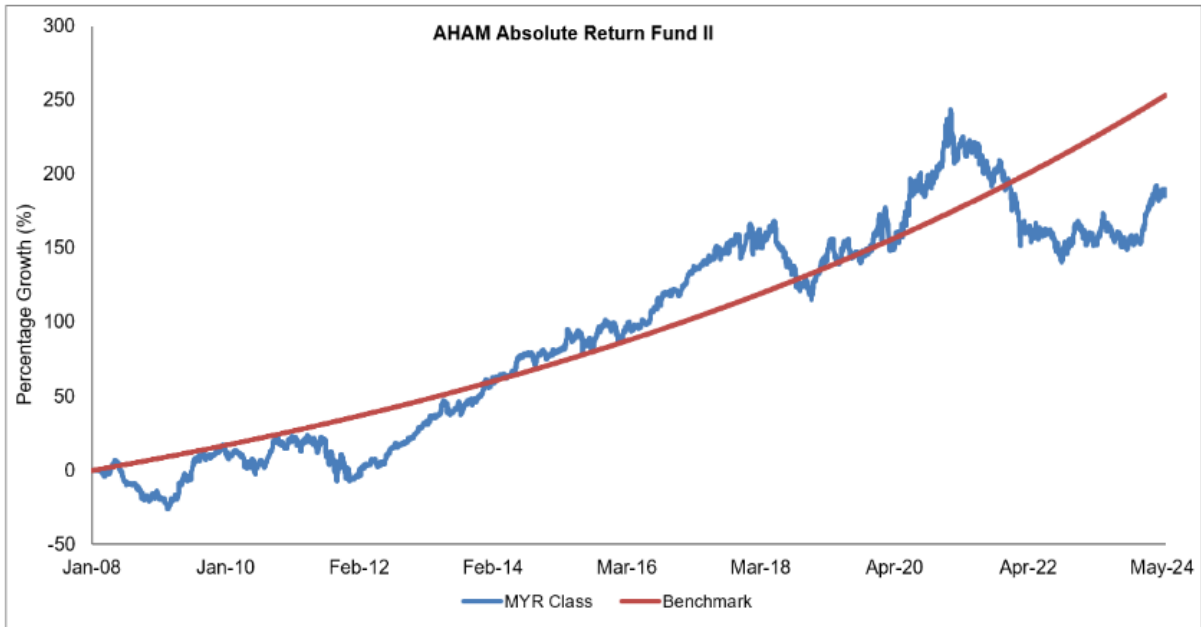
Since commencement, the Fund has registered a return of -1.92% compared to the benchmark return of 60.88%, underperforming by 62.80%.

USD Class

For the period 1 June 2023 to 31 May 2024, the Fund registered a 8.46% return compared to the benchmark return of 8.00%. The Fund thus outperformed the Benchmark by 0.46%. The NAV per unit of the Fund as at 31 May 2024 was USD0.4745 while the NAV as at 31 May 2023 was USD0.4375.

Since commencement, the Fund has registered a return of -5.10% compared to the benchmark return of 60.88%, underperforming by 65.98%.

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."

Benchmark: Absolute return of 8.0% per annum

Asset Allocation

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

As at 31 May 2024, the asset allocation of the Fund stood at 70.61% in equities, 12.88% in collective investment scheme, 6.77% in exchange-traded fund while the balance was held in cash and cash equivalent.

Strategies Employed

The Fund invests in a range of asset classes to generate returns for the Fund. The asset allocation was decided with the consideration of the market outlook for the various asset classes over the medium to long term horizon.

To provide diversification, the Fund's investment strategy is unconstrained by any country, market capitalisation or sector, and although eligible, the Fund only invested in foreign markets which are eligible markets.

Market Review

Global equities performed strongly over June 2023, gaining 4.5% in local currency terms with significant dispersion across regions. Japan continued to be the standout, rallying close to 8% in JPY terms and is now up 20% in local terms for the year to date. The United Kingdom ("U.K.") was again the laggard, with a flat month weighed down by an aggressive 50bp rate hike from the Bank of England. Europe and Australia posted modest gains of around 1% in local terms as data was generally weaker. The Standard and Poor's 500 ("S&P500"), buoyed by stronger than expected data, posted a 5% gain, with broader sector gains. Transport, Materials and Financials were the best performers. Over the quarter, the market followed a similar pattern of dispersion across regions, with Global Equities producing a strong return of 7.3%, Japanese Equities outperforming with a return of 14.4%, while Australian Equities underperformed with a return of 1.0%. There were no major changes to the equity positioning of the portfolio through June, maintaining our defensive stance, and keeping the equity weight at 15%.

Global equities continued to rally in July 2023, rallying over 3% in local currency terms. Emerging markets were the clear stand out, rallying over 6% in US dollar ("USD") terms over the month, given speculation over China stimulus. The cost of put protection continued to fall to new lows, providing very cheap insurance to investors hedging downside equity risk. We moved away from our imminent recession positioning and added 5% to U.S. equities, but remain conservatively positioned at around 20% equities. With put options trading cheaply, we bought a 5% notional put spread on the S&P 500 to protect the portfolio up to a 10% fall. This brings our overall delta-adjusted equity position to 18%, which is the lowest positioning the fund has had pre-SVB collapse. If equity markets continue to rally, we will participate on the upside, but if markets fall, our put options will quickly get us back below 15% equity exposure.

Global and emerging market ("EM") equities fell in August 2023 against a backdrop of deteriorating risk sentiment. Much of this was related to concerns that strength in the U.S. economy will keep interest rates higher for longer. Ongoing weakness in the Chinese economy and concerns about the property sector also contributed. Developed markets declined by 2.4% and emerging markets declined by 5.6% in USD terms. U.S. equities declined in August, with the S&P500 index down 2.2%. Some division has emerged among Federal Reserve ("Fed") policy makers, shaking confidence that the tightening cycle ended with July's rate hike. Unemployment edged upwards to 3.8% in July, from 3.5%. Inflation Consumer Price Index ("CPI") ticked up slightly in July to 3.2% from 3.0%. Energy stocks made gains, while consumer staples, real estate, and financials lagged. Eurozone shares fell in August, with the EURO STOXX 50 down 3.9%. Energy and real estate were the only sectors to register a positive return, with all others declining. Eurozone annual inflation was estimated at 5.3% for August, staying stable compared to July. However, "core" inflation, which strips out food and energy prices, eased. Asia ex Japan equities fell, with all index markets ending the month in negative territory. Chinese stocks experienced sharp declines, particularly in the country's property sector, as investors doubt that Beijing will deliver enough stimulus. Taiwan and South Korea also declined.

Global equity markets were broadly lower in September 2023 amid fears over the impact that higher interest rates could have on economic growth. Ongoing concerns over the Chinese economy also weakened investor sentiment in the month. Global government bond markets sold-off as yields hit calendar-year highs. U.S. equities fell as the prospect of a sustained period of higher interest rates sank in. Eurozone shares fell in September amid worries over the negative effects interest rate rises may be having on economic growth. Emerging market ("EM") equities fell in September, although by less than their developed market peers. Against a backdrop of deteriorating risk-off sentiment, the dollar strengthened, and US bond yields rose, the combination of which weighed on EM over the month.

Equity markets were weaker over October 2023, continuing their "correction" from the July highs as higher long term bond yields and higher yield volatility impacted negatively. The conflict in the Middle East increased risk aversion with the gold price the major beneficiary. U.S. equities fell in October as the expected end to the Federal Reserve's ("Fed") tighter policy environment has been pushed back and the geopolitical temperature rose. Inflation has remained elevated and the broader U.S. economy very robust. Eurozone shares declined

as the economy stagnated. The European Central Bank (“ECB”) held interest rates steady at its October meeting and the end of the month brought data showing annual inflation had fallen to 2.9% in October. Asian equity markets were also weaker in October. All index markets ended the month in negative territory. Indonesia, South Korea, and the Philippines were the weakest index markets in October. Chinese shares also fell, with investor sentiment towards China continuing to weaken due to the country’s economic slowdown and the ongoing real estate debt crisis added to investor concerns. EM equities lagged their developed market peers over the month against a backdrop of rising yields and conflict in the Middle East.

U.S. shares posted strong gains in November 2023, supported by a cooler-than-expected inflation reading which raised hopes that there may be no further hikes to US interest rates. Top performing sectors included information technology and real estate. Energy was the main laggard. Signs of a slowdown in inflation also boosted eurozone shares. As in the US, the real estate and information technology sectors performed well. The headline eurozone inflation reading for November was 2.4% year-on-year, down from 2.9% in October. EM gained strongly in November, albeit slightly behind developed markets. This came against a backdrop of what appears to be a soft landing for the U.S. economy and increased expectations of interest rate cuts from the Federal Reserve in 2024.

By December 2023, with U.S. core inflation continuing to weaken and growth slowing, markets have quickly shifted towards a cycle of rate cuts in 2024. This was reinforced by Fed chair Jerome Powell, who indicated that the central bank was aware of the risk of keeping rates at restrictive levels for too long. Policymakers now expect rates to end 2024 at 4.5%-4.75%, down from the current 5.25%-5.5% range. Global equities rallied strongly in response, with the S&P500 up 4.5% over the month and European equities up 3%. Australian equities outperformed gaining 5%. Emerging market equities marginally underperformed, held back by Chinese equities which were down 2% amid ongoing worries over the real estate sector.

The strong performance of equities continued on in January 2024 as strong economic data out of the U.S. reinforced the case for a soft landing. U.S. fourth quarter gross domestic product (“GDP”) grew at 3.3% annualised, while purchasing managers index (“PMI”)s rebounded and inflationary pressures continue to ease. The positive data pushed the S&P 500 to record highs during January, though the U.S. Federal Reserve did dampen investor sentiment somewhat towards the end of the month by pushing back against the market’s pricing of interest rate cuts in the U.S.. The Fed itself expects 75bps of cuts for this year, while the market is pricing in nearly twice as much. Geopolitical concerns stemming from the Houthi rebels and the subsequent impact on shipping lanes through the Suez canal, resulted in a jump in shipping costs, as well as oil prices rallying by 6% through January, pushing Brent prices above \$80 again. In Europe, the Euro Zone narrowly avoided a technical recession, with fourth quarter GDP coming in flat compared to the previous quarter. Locally, retail sales data disappointed to the downside, though inflation also came in below expectations at 4.1% over the year, 0.2% below market expectations, and 0.4% below the Responsible Business Alliance (“RBA”)’s own forecast from its latest statement on monetary policy. Global developed market equities rallied 1.8% in local currency terms in January, while Australian equities delivered a return of 1.2%. The standout performer was Japan, with the Tokyo Stock Price Index (“TOPIX”) returning almost 8% over the month. This is contrast to the poor performance from emerging market equities, which had a negative return of -4.6% in U.S. dollar terms, driven by continued underperformance from China. While Chinese GDP growth for the year was in line with expectations at 5.2%, housing data and sentiment continues to be poor.

Equities continued their strong start to the year into February 2024 on the back of stronger economic data and earnings, led by the continued outperformance from the magnificent 7 stocks in the U.S.. It was a different story for government bonds, as resilient global growth and a higher than expected inflation print in the US, resulted in interest cuts being priced out of the U.S. and Europe. At the start of the month, markets were pricing in close to 150 bps of cuts for 2024 in the U.S. and Europe, while by the end of the month it was closer to 90 bps for both the U.S. and Europe, with the first U.S. rate cut not expected until June. In China, the equity market rebounded as Chinese authorities cut its 5 year mortgage reference rate by 25 bps, placed curbs on the short selling of stocks, as well as introducing government sponsored stock purchases. Global developed market equities rallied 4.7% in local currency terms in February. Chinese equities rallied strongly, returning 9.4% for the month based on the CSI 300 index, while U.S. and Japanese equities also performed strongly.

U.S. equities made gains in March. The energy sector was boosted by rising oil prices while materials and utilities also performed well. Economic data continued to prove largely resilient with the ISM manufacturing PMI rising to 50.3, after 47.8 in February. Eurozone shares also gained in March. Financials continued their good recent run while energy and real estate were also among the top performing sectors. Japanese shares advanced in March. Gains came despite the Bank of Japan starting to normalise monetary policy by announcing the end of negative interest rates. EM equities advanced in March, although the Morgan Stanley Capital International (“MSCI”) EM index lagged the MSCI World. Technology stocks in Taiwan and South Korea delivered strong returns due to optimism about the semiconductor cycle and AI enthusiasm.

Global equities rallied in May with developed markets outperforming emerging markets. U.S. shares, outperformed posting strong gains in May, supported by some strong corporate earnings and hopes that interest rate cuts are still on the way later this year as the latest inflation data met expectations and was greeted by relief from investors. The equity market advance was led by the information technology, utilities, and communication services sectors. Energy was the main laggard amid weaker oil prices. Some of the “Magnificent-7” stocks performed strongly in the month amid strong earnings and high demand for AI-related technologies. Eurozone stocks advanced with the real estate and utilities sectors among the top gainers. These sectors drew support as investors looked ahead to the European Central Bank (“ECB”) meeting in June where a rate cut is widely anticipated. Data showed that eurozone annual inflation, as measured by the consumer price index, increased to 2.6% in May from 2.4% in April. Nevertheless, investors continued to expect a 25 basis point rate cut when the ECB meets on 6 June. However, the timing of further rate cuts remains uncertain. The Japanese equity market experienced a rebound in May, with the TOPIX generating a total return of 1.2%. Japanese companies continue to benefit from a weak currency and the market is rewarding companies focusing on the cost of capital the share price, with a record high amount of share buybacks announced. EM equities rose in U.S. dollar terms although they lagged developed market peers. Softer U.S. macroeconomic data helped ease concerns about the timing of US interest rate hikes while better performance from China also supported EM returns. Lower energy prices weighed on some of the Middle Eastern markets. Government bond markets diverged in May. U.S. Treasury yields fell from their year-to-date highs, outperforming European markets where yields crept higher. Positive inflation data, signs of weaker growth, and softer labour market indicators supported U.S. bonds. U.S. Federal Reserve (“Fed”) chair Jerome Powell maintained an easing bias, hinting that rate hikes remained unlikely.

Investment Outlook

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

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

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

State of Affairs of the Fund

The Fund's investment into Sotella RPS, a foreign collective investment scheme, is currently undergoing legal proceedings initiated by the manager of Sotella. The counterparty of the Sotella RPS has defaulted on its obligations and whilst settlement discussions are ongoing, legal proceedings have concurrently been initiated to exercise the rights of the fund to recover amounts owing. These rights include a lienholder's caveat on parcels of land acting as security of the fund, as well as an undertaking by the parent companies of the counterparty. We will continue to monitor ongoing progress with inputs from the manager of Sotella RPS as well as the appointed solicitor in our assessment of the recoverability of the investment.

Soft Commissions received from Brokers

Soft commissions received from brokers/dealers may be retained by the management company only if the :-

- (i) goods and services provided are of demonstrable benefit to Unit holders of the Fund; and
- (ii) goods and services are in the form of research and advisory services that assists in the decision making process.

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

Cross Trade

No cross trade transactions were carried out over the year under review.

Securities Financing Transactions

The Fund has not undertaken any securities lending or repurchase transactions during the financial year under review.

Changes Made To the Fund's Information Memorandum

A Replacement Information Memorandum was issued with effective date 7 December 2023 to reflect various changes made to the Fund. This includes:

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

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

Changes to the Information Memorandum

1) Name of the Manager

Information Memorandum dated 29 March 2018	Replacement Information Memorandum dated 7 December 2023
Affin Hwang Asset Management Berhad	AHAM Asset Management Berhad

2) Fund Name

Information Memorandum dated 29 March 2018	Replacement Information Memorandum dated 7 December 2023
Affin Hwang Absolute Return Fund II	AHAM Absolute Return Fund II (Formerly known as Affin Hwang Absolute Return Fund II)

3) Definition

Information Memorandum dated 29 March 2018	Replacement Information Memorandum dated 7 December 2023
<p>Business Day A day on which the Bursa Malaysia is open for trading. The Manager may declare certain Business Days a non-Business Day when deemed necessary, such as in the event of market disruption.</p>	<p>Business Day Means a day on which Bursa Malaysia and/or one or more of the foreign markets in which the Fund is invested in are open for business/trading.</p>

4) Terminology Updates

Information Memorandum dated 29 March 2018	Replacement Information Memorandum dated 7 December 2023
Structured products	Embedded derivatives
Although flexible, the Fund will only participate in foreign markets where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions ("IOSCO").	<p>Although flexible, the Fund will only invest in foreign markets which are eligible markets.</p> <hr/> <p>Glossary definition:</p> <p>eligible markets Means an exchange, government securities market or an over-the-counter (OTC) market–</p> <ol style="list-style-type: none"> that is regulated by a regulatory authority of that jurisdiction; that is open to the public or to a substantial number of market participants; and on which financial instruments are regularly traded.

5) Investors' Profile

Information Memorandum dated 29 March 2018	Replacement Information Memorandum dated 7 December 2023
<p>The Fund is suitable for you, if you:</p> <ul style="list-style-type: none"> ➤ have a medium to long-term investment horizon; ➤ are risk tolerant; and ➤ seek higher capital returns for your investments. 	<i>To be removed</i>

6) Investment Strategy

Information Memorandum dated 29 March 2018	Replacement Information Memorandum dated 7 December 2023
<p>Derivatives Derivative trades may be carried out for both investments and hedging purposes through financial instruments such as, but not limited to, forward contracts, futures contracts swaps, and options.</p> <p>Structured Products We may also invest into structured products such as, but not limited to, equity-linked notes and credit-linked notes. An investment into these structured products will provide the Fund with exposure to a referenced asset. As the note is structured by an external party, investments into a structured product will also expose the Fund to counterparty risk, which we will attempt to mitigate by carrying out a stringent selection process on the counterparty prior to an investment being made.</p>	<p>Derivatives and Embedded Derivatives Derivative trades may be carried out for both investments and hedging purposes through financial instruments including, but not limited to forward contracts, futures contracts, swaps, and options. Futures and forward contracts are generally contracts between two parties to trade an asset at an agreed price on a pre-determined future date whereas swaps is an agreement to swap or exchange two financial instruments between two parties.</p> <p>The intention of hedging is to preserve the value of the assets from any adverse price movements. While the hedging transactions will assist in mitigating the potential foreign exchange losses by the Fund, any potential foreign exchange gains from the hedging strategy will be capped as well. The Fund may also employ derivatives for investment purposes to enhance the returns of the Fund by taking a view on the underlying asset or currency and establish a long position to gain a specific underlying exposure. The types of derivatives envisaged for hedging as well as for investment purposes include forwards and swaps which are OTC or traded on centralised exchanges.</p> <p>We may also invest into embedded derivatives such as, but not limited to, equity-linked notes and credit-linked notes. Investment into these embedded derivatives will provide the Fund with the exposure to the reference asset. Each of these embedded derivatives has its own targeted maturity and will expose investors to the price fluctuations of, in the case of an equity-linked note, the stock that the equity-linked note is linked to. As a result, any fluctuation in the price of the embedded derivatives may also lead to fluctuations in the NAV of the Fund i.e. if the price of the embedded derivatives drops, the NAV of the Fund will also be negatively impacted. As the note is structured by an external party, investments into an embedded derivative will also expose the Fund to counterparty risk, which we will attempt to mitigate by carrying out a stringent selection process on the counterparty prior to an investment being made.</p> <p>The Fund adopts commitment approach to measure the Fund's global exposure to derivatives and embedded derivatives. The commitment approach is a methodology that aggregates the underlying market values or notional values of derivatives and embedded derivatives after taking into account the possible effects of netting and/or hedging arrangements. The Fund's global exposure from the derivatives and embedded derivatives position must not exceed 100% of NAV of the Fund at all times.</p>

7) Valuation of Assets

Information Memorandum dated 29 March 2018	Replacement Information Memorandum dated 7 December 2023
<p>We will ensure that the valuation of the Fund is carried out in a fair manner in accordance to the relevant laws and Guidelines. We will obtain the daily price or value of the assets for the purpose of valuing the Fund in accordance to the Malaysian Financial Reporting Standard 9 issued by the Malaysian Accounting Standards Board. In the absence of daily price or value of the assets, we will use the latest available price or value of the assets respectively.</p> <p>The valuation bases for the permitted investments of the Fund are as below:</p> <ul style="list-style-type: none"> ➤ Listed Securities Valuation of listed securities shall be based on closing market bid prices. Where no market value is publicly available or where the use of the quoted market value is inappropriate, or where no market price is available, including in the event of suspension in the quotation of the securities for a period exceeding fourteen (14) days, or such shorter period as determined by the Manager, such investments will be valued at fair value determined in good faith by the Manager, on methods or bases which have verified by the auditor of the Fund. ➤ Unlisted Securities For unlisted securities, valuation will be based on fair value using methods which are verified by the auditor of the Fund. ➤ Debentures Valuation of unlisted debentures denominated in MYR will be done using the fair value price quoted by a bond pricing agency (“BPA”) registered with the SC. If we are of the view that the price quoted by BPA differs from the market price quoted by at least three (3) independent dealers by more than 20 basis points and we determine that the methodology used by the independent dealers to obtain the market price is more appropriate, we may elect to use the price quoted by the independent dealers as the market price, provided that we record our basis for using a non-BPA price, obtain the necessary internal approvals to use the non-BPA price and keep an audit trail of all decisions and basis for adopting the market yields. <p>Investment in other listed and unlisted debentures will be valued using the Composite Bloomberg Bond Trader (CBBT price) provided by Bloomberg. When CBBT prices are not available, the other listed and unlisted debentures will be valued by reference to the average indicative price quoted by at least 3 independent dealers. In the case where we are unable to obtain quotation from 3 independent dealers, the other listed and unlisted debentures will be valued in accordance to fair value as determined in good faith by us, on methods or bases which have been verified by the auditor of the Fund.</p> <ul style="list-style-type: none"> ➤ Deposit Valuation of deposits placed with Financial Institutions will be done by reference to the principal value of the deposits and the interests accrued thereon for the relevant period. ➤ Money Market Instruments 	<p>We will ensure that the valuation of the Fund is carried out in a fair manner in accordance to the relevant laws and Guidelines. We will obtain the daily price or value of the assets for the purpose of valuing the Fund in accordance to the Malaysian Financial Reporting Standard 9 issued by the Malaysian Accounting Standards Board. In the absence of daily price or value of the assets, we will use the latest available price or value of the assets respectively.</p> <p>The valuation bases for the permitted investments of the Fund are as below:</p> <ul style="list-style-type: none"> ➤ Listed Securities Valuation of investments in listed securities shall be based on the closing price or last known transacted price on the eligible market on which the investment is quoted. If the price is not representative of its fair value or is not available to the market, including in the event of suspension in the quotation of the listed securities for a period exceeding fourteen (14) days, or such shorter period as determined by the Manager, such listed securities will be valued at fair value determined in good faith by the Manager or its delegate, based on methods or bases which have been verified by the auditor of the Fund. ➤ Unlisted Securities For unlisted MYR denominated debentures, valuation will be done using the price quoted by a bond pricing agency (“BPA”) registered with the SC. For non-MYR denominated unlisted debentures, valuation will be based on the average indicative price quoted by independent and reputable institutions. Where the Manager is of the view that the price quoted by BPA differs from the fair value or where reliable market quotations are not available, the fair value will be determined in good faith by the Manager using methods or bases which have been verified by the auditor of the Fund. For other unlisted securities, valuation will be based on fair value as determined in good faith by the Manager using methods or bases which have been verified by the auditor of the Fund. ➤ Deposits Valuation of deposits placed with Financial Institutions will be done by reference to the principal value of the deposits and the interests accrued thereon for the relevant period. ➤ Money Market Instruments Valuation of MYR denominated money market instruments will be done using the price quoted by a BPA registered with the SC. For non-MYR denominated money market instruments, valuation will be done using the average of quotations provided by reputable Financial Institutions. Where the Manager is of the view that the price quoted by BPA differs from the fair value or where reliable market quotations are not available, the fair value will be determined in good faith by the Manager using methods or bases which have been verified by the auditor of the Fund. This may be determined by reference to the valuation of other money market instruments which are comparable in rating, yield, expected maturity date and/or other characteristics.

Information Memorandum dated 29 March 2018	Replacement Information Memorandum dated 7 December 2023
<p>Valuation of money market instruments will be based on amortised costs.</p> <ul style="list-style-type: none"> ➤ Derivatives & Structured Products The valuation of derivatives and structured products will be based on the rates provided by the respective issuers. For foreign exchange forward contracts (“FX Forwards”), we will apply interpolation formula to compute the value of the FX Forwards based on the rates provided by Bloomberg. If the rates are not available on Bloomberg, the FX Forwards will be valued by reference to the average indicative rate quoted by at least 3 independent dealers. In the case where we are unable to obtain quotation from 3 independent dealers, the FX Forwards will be valued in accordance to fair value as determined in good faith by us, on methods or bases which have been verified by the auditor of the Fund. ➤ Unlisted Collective Investment Schemes Investments in unlisted collective investment schemes shall be valued based on the last published repurchase price. ➤ Any Other Investment Fair value as determined in good faith by us, on methods or bases which have been verified by the auditor of the Fund. 	<ul style="list-style-type: none"> ➤ Derivatives and Embedded Derivatives Valuation of derivatives and embedded derivatives will be based on the prices provided by the respective issuers. The issuers generate the market valuation through the use of their own proprietary valuation models, which incorporate all the relevant and available market data with respect to the derivatives and embedded derivatives (e.g. interest rates, movement of the underlying assets, volatility of the underlying assets, the correlation of the underlying assets and such other factors). For foreign exchange forward contracts (“FX Forwards”), interpolation formula is applied to compute the value of the FX Forwards based on the rates provided by Bloomberg/Refinitiv. If the rates are not available on Bloomberg/Refinitiv, the FX Forwards will be valued based on fair value as determined in good faith by the Manager, using methods or bases which have been verified by the auditor of the Fund. ➤ Collective Investment Schemes Valuation of investments in unlisted collective investment schemes shall be valued based on the last published repurchase price. Valuation of investments in listed collective investment schemes shall be done in a similar manner used in the valuation of listed securities as described above. ➤ Any Other Investments Fair value as determined in good faith by the Manager, based on the methods or bases which have been verified by the auditor of the Fund.

8) Repurchase Proceeds Payout Period

Information Memorandum dated 29 March 2018	Replacement Information Memorandum dated 7 December 2023
<p>You will be paid within ten (10) days (for MYR Class Unit Holders) and fourteen (14) days (for Unit Holders of a Class other than MYR Class) from the day the repurchase request is received by us and provided that all documentations are completed and verifiable.</p>	<p>You will be paid within ten (10) Business Days from the day the repurchase request is received by us and provided that all documentations are completed and verifiable.</p>

9) Cooling-off Right

Information Memorandum dated 29 March 2018	Replacement Information Memorandum dated 7 December 2023
<p>WHAT IS COOLING-OFF RIGHT?</p> <p>You have the right to apply for and receive a refund for every Unit that you have paid for within six (6) Business Days from the date we received your purchase application. You will be refunded for every Unit held based on the NAV per Unit and the Sales Charge of the particular Class, on the day those Units were first purchased and you will be refunded within ten (10) days from the receipt of the cooling-off application.</p> <p>Please note that the cooling-off right is applicable to you if you are an individual investor and are investing in any of our funds for the first time. However, if you are a corporation, staff of AHAM or person registered with a body approved by the SC to deal in unit trusts, you are not entitled to this right.</p>	<p>WHAT IS COOLING-OFF RIGHT?</p> <p>You have the right to apply for and receive a refund for every Unit that you have paid for within six (6) Business Days from the date we received your purchase application.</p> <p>You will be refunded for every Unit held based on the prices mentioned below and the Sales Charge of the particular Class, imposed on the day those Units were purchased.</p> <p>(i) If the price of a Unit on the day the Units were first purchased (“original price”) is higher than the price of a Unit at the point of exercise of the cooling-off right (“market price”), you will be refunded based on the market price at the point of cooling-off; or</p> <p>(ii) If the market price is higher than the original price, you will be refunded based on the original price at the point of cooling-off.</p> <p>You will be refunded within ten (10) Business Days from our receipt of the cooling-off application.</p> <p>Please note that the cooling-off right is applicable to you if you are an individual investor and are investing in any of our funds for the first time. However, if you are a corporation, staff of AHAM or person registered with a body approved by the SC to deal in unit trust funds, you are not entitled to this right.</p> <p>WHAT IS THE PROCESS OF COOLING-OFF APPLICATION?</p> <p>We will process your cooling-off request if your request is received or deemed to have been received by us at or before 3.30 p.m. on a Business Day (or “T day”). Any cooling-off request received after 3.30 p.m. will be transacted on the next Business Day (or “T+1 day”).</p> <p>Processing is subject to receipt of a complete transaction form and such other documents as may be required by us.</p>

10) Suspension of Dealing in Units

Information Memorandum dated 29 March 2018	Replacement Information Memorandum dated 7 December 2023
<p>N/A</p>	<p>The Manager may having considered the interests of the Unit Holders, suspend the dealing in Units due to exceptional circumstances or such other circumstances as may be determined by the Manager, where there is good and sufficient reason to do so. The Manager will cease the suspension as soon as practicable after the exceptional circumstances have ceased, and in any event, within twenty-one (21) days from the commencement of suspension.</p> <p>The period of suspension may be extended if the Manager is of the view that it is in the best interest of the Unit Holders for the dealing in Units to remain suspended.</p>

AHAM ABSOLUTE RETURN FUND II

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

AHAM ABSOLUTE RETURN FUND II

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

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AHAM ABSOLUTE RETURN FUND II

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
INVESTMENT INCOME/(LOSS)			
Dividend income		5,019,003	4,686,760
Interest income from financial assets at amortised cost		84,296	98,126
Interest income from financial assets at fair value through profit or loss		-	159,984
Net gain on foreign currency exchange		162,494	4,899,335
Net gain on forward foreign currency contracts at fair value through profit or loss		-	1,185,557
Net gain/(loss) on financial assets at fair value through profit or loss	8	35,519,579	(14,425,599)
		<u>40,785,372</u>	<u>(3,395,837)</u>
EXPENSES			
Management fee	4	(3,665,236)	(4,293,272)
Custodian fee	5	(107,087)	(75,799)
Fund accounting fee	6	(36,000)	(39,000)
Auditors' remuneration		(11,500)	(11,500)
Tax agent's fee		(23,744)	(24,049)
Transaction costs		(1,434,179)	(1,143,735)
Other expenses		(630,091)	(426,845)
		<u>(5,907,837)</u>	<u>(6,014,200)</u>
NET PROFIT/(LOSS) BEFORE TAXATION		34,877,535	(9,410,037)
Taxation	7	(247,981)	(586,913)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>34,629,554</u>	<u>(9,996,950)</u>
Increase/(decrease) in net assets attributable to unit holders comprise the following:			
Realised amount		(13,204,889)	(21,544,850)
Unrealised amount		47,834,443	11,547,900
		<u>34,629,554</u>	<u>(9,996,950)</u>

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

AHAM ABSOLUTE RETURN FUND II

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
ASSETS			
Cash and cash equivalents		19,749,549	54,834,990
Amount due from Manager			
- creation of units		72,410	-
- management fee rebate receivable		43,638	52,090
Amount due from broker		12,860,340	-
Dividends receivable		24,643	628,717
Financial assets at fair value through profit or loss	8	297,026,173	360,831,718
TOTAL ASSETS		<u>329,776,753</u>	<u>416,347,515</u>
LIABILITIES			
Amount due to brokers		-	4,117,969
Amount due to Manager			
- management fee		283,181	346,630
- cancellation of units		269,261	8,926,558
Fund accounting fee		9,000	6,000
Auditors' remuneration		6,911	11,500
Tax agent's fee		7,794	3,894
Other payables and accruals		11,747	12,524
Tax provision		50,888	231,137
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>638,782</u>	<u>13,656,212</u>
NET ASSET VALUE OF THE FUND		<u>329,137,971</u>	<u>402,691,303</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>329,137,971</u>	<u>402,691,303</u>

AHAM ABSOLUTE RETURN FUND II

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2024 (CONTINUED)

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- AUD Class		4,799,370	6,524,751
- GBP Class		1,327,252	1,251,215
- MYR Class		282,519,646	339,515,607
- SGD Class		12,646,883	12,306,755
- USD Class		27,844,820	43,092,975
		<u>329,137,971</u>	<u>402,691,303</u>
NUMBER OF UNITS IN CIRCULATION			
- AUD Class	9(a)	2,769,000	4,166,000
- GBP Class	9(b)	416,000	434,000
- MYR Class	9(c)	197,693,000	262,921,000
- SGD Class	9(d)	7,410,000	7,980,000
- USD Class	9(e)	12,472,000	21,362,000
		<u>220,760,000</u>	<u>296,863,000</u>
NET ASSET VALUE PER UNIT (RM)			
- AUD Class		1.7333	1.5662
- GBP Class		3.1905	2.8830
- MYR Class		1.4291	1.2913
- SGD Class		1.7067	1.5422
- USD Class		2.2326	2.0173
		<u>1.7333</u>	<u>1.5662</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- AUD Class		AUD 0.5543	AUD 0.5241
- GBP Class		GBP 0.5329	GBP 0.5060
- MYR Class		RM1.4291	RM1.2913
- SGD Class		SGD 4.904	SGD 0.4533
- USD Class		USD 0.4745	USD 0.4375
		<u>AUD 0.5543</u>	<u>AUD 0.5241</u>

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

AHAM ABSOLUTE RETURN FUND II

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

	<u>2024</u> RM	<u>2023</u> RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	402,691,303	469,374,201
Movement due to units created and cancelled during the financial year		
Creation of units arising from applications	4,514,620	5,286,724
- AUD Class	15,652	159,116
- GBP Class	131,607	-
- MYR Class	3,007,599	5,127,608
- SGD Class	1,359,762	-
Cancellation of units	(112,697,506)	(61,972,672)
- AUD Class	(2,400,471)	(160,534)
- GBP Class	(183,905)	(474,045)
- MYR Class	(89,968,378)	(48,902,059)
- SGD Class	(2,117,365)	(701,146)
- USD Class	(18,027,387)	(11,734,888)
Net increase/(decrease) in net assets attributable to unit holders during the financial year	34,629,554	(9,996,950)
- AUD Class	659,438	(128,242)
- GBP Class	128,335	(47,607)
- MYR Class	29,964,818	(8,534,077)
- SGD Class	1,097,731	(255,911)
- USD Class	2,779,232	(1,031,113)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	<u>329,137,971</u>	<u>402,691,303</u>

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

AHAM ABSOLUTE RETURN FUND II

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

	<u>2024</u> RM	<u>2023</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	511,580,371	306,388,394
Purchase of investments	(431,118,699)	(389,711,043)
Withdrawal from margin accounts	-	9,812,715
Dividends received	4,907,897	4,325,903
Interest received	84,296	98,126
Management fee rebate received	558,986	496,921
Management fee paid	(3,728,685)	(4,342,266)
Custodian fee paid	(107,087)	(75,799)
Fund accounting paid	(33,000)	(36,000)
Payment for other fees and expenses	(51,191)	(48,092)
Realised gain on forward foreign currency contracts	-	1,185,557
Net realised gain/(loss) on foreign currency exchange	114,604	(39)
Tax paid	(428,230)	(389,296)
	<hr/>	<hr/>
Net cash flows generated from/(used in) operating activities	81,779,262	(72,294,919)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	4,442,211	5,346,850
Payments for cancellation of units	(121,354,804)	(53,191,445)
	<hr/>	<hr/>
Net cash flows used in financing activities	(116,912,593)	(47,844,595)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(35,133,331)	(120,139,514)
EFFECTS OF FOREIGN CURRENCY EXCHANGE		
	47,890	4,899,374
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		
	54,834,990	170,075,130
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		
	19,749,549	54,834,990
	<hr/> <hr/>	<hr/> <hr/>

Cash and cash equivalents as at 31 May 2024 and 31 May 2023 comprise of bank balances.

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

AHAM ABSOLUTE RETURN FUND II

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note M.

- (a) Standards, amendments to published standards and interpretations that are applicable and effective:

There are no standards, amendments to standards or interpretations that are applicable and effective for annual periods beginning on 1 January 2023 that have a material effect on the financial statements of the Fund.

- (b) Standards and amendments that have been issued that are applicable to the Fund but not yet effective:

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

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

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

AHAM ABSOLUTE RETURN FUND II

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

B INCOME RECOGNITION

Dividend income

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

Interest income

Interest income from short-term deposits with licensed financial institutions is 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 loss on sale of investments

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

C TRANSACTION COSTS

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

D TAXATION

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

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

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

E FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency").

AHAM ABSOLUTE RETURN FUND II

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

E FUNCTIONAL AND PRESENTATION CURRENCY (CONTINUED)

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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss, and
- those to be measured at amortised cost.

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.

The contractual cash flows of the Fund's debt securities are solely payments of principal and interest ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

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

The Fund classifies cash and cash equivalents, amount due from Manager, amount due from broker and dividends receivable as financial assets measured at amortised cost as these financial assets are held to collect contractual cash flows that consist of outstanding amounts.

The Fund classifies amount due to brokers, amount due to Manager, payables for fund accounting fee payable, auditors' remuneration and tax agent's fee, and other payables and accruals as financial liabilities measured at amortised cost.

AHAM ABSOLUTE RETURN FUND II

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

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

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

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

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

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

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

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

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

(iii) Impairment

The Fund’s financial assets measured at amortised cost are subject to expected credit losses. The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss.

AHAM ABSOLUTE RETURN FUND II

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

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.

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 unlikelihood 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 which are subject to an insignificant risk of change in value.

AHAM ABSOLUTE RETURN FUND II

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

I AMOUNTS DUE FROM/(TO) BROKERS

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

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

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

J CREATION AND CANCELLATION OF UNITS

The unit holders' contribution to the Fund meets the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in five classes of units, known respectively as the AUD Class, GBP Class, MYR Class, SGD Class and USD Class, which are cancelled at the unit holders' option and do not have identical features. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unit holder exercises the right to put back the unit to the Fund.

Units are created and cancelled at the unit holders' option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unit holders of respective classes with the total number of outstanding units of respective classes.

K 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 and a negative fair value are presented as financial assets measured at fair value through profit or loss and financial liabilities at fair value through profit or loss, respectively.

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

AHAM ABSOLUTE RETURN FUND II

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

L INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

Income not distributed is included in net assets attributable to unit holders.

M CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information contents 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 judgements are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission's ("SC") Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

(i) Fair value of collective investment scheme – foreign

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

N REALISED AND UNREALISED PORTIONS OF INCREASE OR DECREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

The analysis of realised and unrealised amount in increase or decrease in net assets attributable to unit holders as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

1 INFORMATION ON THE FUND

The Wholesale Fund was constituted under the name HwangDBS Ascendur RIS (1) (the “Fund”) in accordance to the Information Memorandum dated 18 December 2007. The Fund has changed its name from HwangDBS Ascendur RIS (1) to HwangDBS Absolute Return Fund II as amended by the Information Memorandum dated 27 May 2010 and from HwangDBS Absolute Return Fund II to Hwang Absolute Return Fund II as amended by the Supplemental Information Memorandum dated 16 April 2012. The Fund has then changed from its name Hwang Absolute Return Fund II to Affin Hwang Absolute Return Fund II as amended by the Supplemental Information Memorandum dated 22 September 2014 and 29 March 2018. The Fund has subsequently changed from its name Affin Hwang Absolute Return Fund II to AHAM Absolute Return Fund II as amended by Replacement Information Memorandum dated 7 December 2023.

The Fund was launched on 18 December 2007 and commenced operations on 29 January 2008.

The Fund may invest in equity securities of developed and emerging markets. It may also invest in fixed income securities of developed markets or debt instruments and collective investment schemes for the purpose of cash management and gaining access into a particular market, industry or sector where such is the optimum mode of access.

All investments will be subjected to the SC’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Deeds and the objective of the Fund.

The main objective of the Fund is to achieve medium to long-term capital appreciation by primarily investing in securities of developed and emerging markets globally.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds, exchange-traded funds and private retirement schemes as well as providing fund management services to private clients.

The financial statements were authorised for issue by the Manager on 30 July 2024.

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2024</u>				
<u>Financial assets</u>				
Amount due from Manager				
- creation of units		72,410	-	72,410
- management fee rebate receivable		43,638	-	43,638
Amount due from broker		12,860,340	-	12,860,340
Cash and cash equivalents		19,749,549	-	19,749,549
Dividends receivable		24,643	-	24,643
Quoted equities	8	-	232,375,762	232,375,762
Collective investment schemes	8	-	42,388,301	42,388,301
Exchange-traded funds	8	-	22,262,110	22,262,110
Total		<u>32,750,580</u>	<u>297,026,173</u>	<u>329,776,753</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		283,181	-	283,181
- cancellation of units		269,261	-	269,261
Fund accounting fee payable		9,000	-	9,000
Auditors' remuneration		6,911	-	6,911
Tax agent's fee		7,794	-	7,794
Other payables and accruals		11,747	-	11,747
Total		<u>587,894</u>	<u>-</u>	<u>587,894</u>

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2023</u>				
<u>Financial assets</u>				
Amount due from Manager				
- management fee rebate receivable		52,090	-	52,090
Cash and cash equivalents		54,834,990	-	54,834,990
Dividends receivable		628,717	-	628,717
Quoted equities	8	-	252,689,985	252,689,985
Collective investment schemes	8	-	76,119,211	76,119,211
Exchange-traded funds	8	-	32,022,522	32,022,522
Total		<u>55,515,797</u>	<u>360,831,718</u>	<u>416,347,515</u>
<u>Financial liabilities</u>				
Amount due to brokers		4,117,969	-	4,117,969
Amount due to Manager				
- management fee		346,630	-	346,630
- cancellation of units		8,926,558	-	8,926,558
Fund accounting fee payable		6,000	-	6,000
Auditors' remuneration		11,500	-	11,500
Tax agent's fee		3,894	-	3,894
Other payables and accruals		12,524	-	12,524
Total		<u>13,425,075</u>	<u>-</u>	<u>13,425,075</u>

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

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

Market risk

(a) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

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

	<u>2024</u> RM	<u>2023</u> RM
Quoted investments		
Quoted equities	232,375,762	252,689,985
Collective investment schemes	42,388,301	76,119,211
Exchange-traded funds	22,262,110	32,022,522
	<u>297,026,173</u>	<u>360,831,718</u>

The following table summarises the sensitivity of the Fund's profit/(loss) after taxation and net asset value to price risk movement. The analysis is based on the assumptions that the market price increased by 10% (2023: 10%) and decreased by 10% (2023: 10%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the Fund's investments, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on profit/ (loss) after tax/NAV RM
<u>2024</u>		
-10%	267,323,556	(29,702,617)
0%	297,026,173	-
+10%	326,728,790	29,702,617
	<u>297,026,173</u>	<u>29,702,617</u>
<u>2023</u>		
-10%	324,748,546	(36,083,172)
0%	360,831,718	-
+10%	396,914,890	36,083,172
	<u>360,831,718</u>	<u>36,083,172</u>

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

Market risk (continued)

(b) Interest rate risk

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

As at 31 May 2024 and 31 May 2023, the Fund is not exposed to any interest rate risk.

(c) Currency risk

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

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Quoted equities</u> RM	<u>Collective investment schemes</u> RM	<u>Exchange- traded funds</u> RM	<u>Cash and cash equivalents</u> RM	<u>Dividends receivable</u> RM	<u>Total</u> RM
<u>2024</u>						
<u>Financial assets</u>						
Australian Dollar	-	-	-	5,675	-	5,675
British Pound Sterling	20,350,284	-	-	355,052	-	20,705,336
Euro	-	-	-	4,267,859	-	4,267,859
Hong Kong Dollar	8,898,719	-	-	1,089,240	-	9,987,959
Indian Rupee	-	-	-	15,668	-	15,668
Indonesia Rupiah	8,904,874	-	-	-	-	8,904,874
Korean Won	11,346,934	-	-	-	-	11,346,934
Singapore Dollar	9,884,002	-	-	3,317,723	-	13,201,725
Taiwan Dollar	-	-	-	-	-	-
United States Dollar	146,411,333	2,352,500	22,262,110	8,741,304	24,643	179,791,890
	<u>205,796,146</u>	<u>2,352,500</u>	<u>22,262,110</u>	<u>17,792,521</u>	<u>24,643</u>	<u>248,227,920</u>

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	Net assets attributable to <u>unit holders</u> RM	<u>Total</u> RM
<u>2024</u> (continued)		
<u>Financial liabilities</u>		
Australian Dollar	4,799,370	4,799,370
British Pound Sterling	1,327,252	1,327,252
Singapore Dollar	12,646,883	12,646,883
United States Dollar	27,844,820	27,844,820
	<u>46,618,325</u>	<u>46,618,325</u>

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Quoted equities</u> RM	<u>Collective investment schemes</u> RM	<u>Exchange- traded funds</u> RM	<u>Cash and cash equivalents</u> RM	<u>Dividend Receivables</u> RM	<u>Total</u> RM
<u>2023</u>						
<u>Financial assets</u>						
Australian Dollar	-	-	-	17,669	-	17,669
China Renminbi	6,607,588	-	-	92,929	-	6,700,517
Euro	-	-	-	244,694	-	244,694
Hong Kong Dollar	97,755,260	-	12,026,398	9,909,737	580,300	120,271,695
Indian Rupee	-	-	-	15,474	-	15,474
Korean Won	41,931,263	-	-	-	-	41,931,263
Singapore Dollar	25,545,877	-	-	10,494,542	-	36,040,419
Thai Baht	8,100,940	-	-	-	-	8,100,940
Taiwan Dollar	-	-	-	-	-	-
United States Dollar	62,997,497	2,305,250	19,996,124	9,509,619	48,417	94,856,907
	<u>242,938,425</u>	<u>2,305,250</u>	<u>32,022,522</u>	<u>30,284,664</u>	<u>628,717</u>	<u>308,179,578</u>

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Amount due to Manager</u> RM	<u>Amount due to brokers</u> RM	<u>Net assets attributable to unit holders</u> RM	<u>Total</u> RM
<u>2023</u> (continued)				
<u>Financial liabilities</u>				
Australian Dollar	-	-	6,524,751	6,524,751
British Pound Sterling	-	-	1,251,215	1,251,215
Singapore Dollar	-	-	12,306,755	12,306,755
United States Dollar	8,760,203	4,117,969	43,092,975	55,971,147
	<u>8,760,203</u>	<u>4,117,969</u>	<u>63,175,696</u>	<u>76,053,868</u>

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit/(loss) after tax and net asset value 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 constants. 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 unit holders by each currency's respective historical volatility. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change <u>in rate</u> %	Impact on profit/ (loss) after <u>tax/NAV</u> RM
<u>2024</u>		
Australian Dollar	+/- 7.51	-/+ 360,006
British Pound Sterling	+/- 5.73	+/- 1,103,364
Euro	+/- 5.31	+/- 226,623
Hong Kong Dollar	+/- 5.39	+/- 538,351
Indian Rupee	+/- 5.14	+/- 805
Indonesia Rupee	+/- 5.64	+/- 502,235
Korean Won	+/- 7.00	+/- 794,285
Singapore Dollar	+/- 3.44	+/- 19,087
United States Dollar	+/- 5.39	+/- 8,189,947
<u>2023</u>		
Australian Dollar	+- 11.47	-/+ 746,362
British Pound Sterling	+ 5.62	-/+ 70,318
China Renminbi	+ 5.51	+/- 369,198
Euro	+ 8.17	+/- 19,991
Hong Kong Dollar	+ 5.89	+/- 7,084,003
Indian Rupee	+ 5.73	+/- 887
Korean Won	+- 10.70	+/- 4,486,645
Singapore Dollar	+ 4.45	+/- 1,056,148
Taiwan Dollar	+ 4.63	+/- 1,330,173
Thai Baht	+ 5.54	+/- 448,792
United States Dollar	+- 4.63	+/- 1,800,411

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

Credit risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of interest, principals and proceeds from realisation of 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 they are held by parties with credit rating AA or higher.

The settlement terms of amount due from brokers are governed by the relevant rules and regulations as prescribed by the respective stock exchanges.

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

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

	<u>Amount due from broker</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2024</u>				
Consumer Discretionary				
- Non-rated ("NR")	-	-	7,075	7,075
Financial Services				
- AA1		19,749,549	-	19,749,549
Technology				
- NR	-	-	17,568	17,568
Others				
- NR	12,860,340	-	116,048	12,976,388
	<u>12,860,340</u>	<u>19,749,549</u>	<u>140,691</u>	<u>32,750,580</u>

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

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

Credit risk (continued)

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

	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2023</u>			
Consumer Staples			
- NR	-	167,895	167,895
Financial Services			
- AA1	54,834,990	-	54,834,990
- NR	-	260,646	260,646
Industrials			
- NR	-	26,464	26,464
Technology			
- NR	-	173,712	173,712
Others			
- NR	-	52,090	52,090
	<u>54,834,990</u>	<u>680,807</u>	<u>55,515,797</u>

*Other assets consist of amount due from Manager and dividend receivables.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellation of units by unit holders. Liquid assets comprise bank balances and other instruments, which are capable of being converted into cash within 7 days.

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

Liquidity risk (continued)

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>2024</u>			
Amount due to Manager			
- management fee	283,181	-	283,181
- cancellation of units	269,261	-	269,261
Fund accounting fee	9,000	-	9,000
Auditors' remuneration	-	6,911	6,911
Tax agent's fee	-	7,794	7,794
Other payables and accruals	-	11,747	11,747
Net assets attributable to unit holders*	329,137,971	-	329,137,971
	<u>329,699,413</u>	<u>26,452</u>	<u>329,725,865</u>
<u>2023</u>			
Amount due to brokers	4,117,969	-	4,117,969
Amount due to Manager			
- management fee	346,630	-	346,630
- cancellation of units	8,926,558	-	8,926,558
Fund accounting fee	6,000	-	6,000
Auditors' remuneration	-	11,500	11,500
Tax agent's fee	-	3,894	3,894
Other payables and accruals	-	12,524	12,524
Net assets attributable to unit holders*	402,691,303	-	402,691,303
	<u>416,088,460</u>	<u>27,918</u>	<u>416,116,378</u>

*Outstanding units are cancelled on demand at the unit holder's option (Note J). However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as unit holders of these instruments typically retain them for the medium to long term return.

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

Capital risk (continued)

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

3 FAIR VALUE ESTIMATION

Financial instruments comprise financial assets and financial liabilities. Fair value is defined as 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 markets (such as trading securities) is based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the bid price for financial assets which fall within the bid-ask spread.

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

The fair value of financial assets and financial liabilities that are not traded in an active market is determined by using valuation techniques.

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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 (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2024</u>				
Financial assets at fair value through profit or loss				
- quoted equities	232,375,762	-	-	232,375,762
- collective investment schemes	40,035,801	-	2,352,500	42,388,301
- exchange-traded funds	22,262,110	-	-	22,262,110
	<u>294,673,673</u>	<u>-</u>	<u>2,352,500</u>	<u>297,026,173</u>
<u>2023</u>				
Financial assets at fair value through profit or loss				
- quoted equities	252,689,985	-	-	252,689,985
- collective investment schemes	73,813,961	-	2,305,250	76,119,211
- exchange-traded funds	32,022,522	-	-	32,022,522
	<u>358,526,468</u>	<u>-</u>	<u>2,305,250</u>	<u>360,831,718</u>

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

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

Level 3 instruments

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

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

Sotella Fund RPS are essentially asset-backed private debt. In this case, the assets underlying the debt comprises land assets.

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

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

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

With the above, the Manager has taken a prudent approach where the fair value of Sotella Fund RPS is equivalent to the aggregate cost as at 31 May 2024 as disclosed in Note 8(d) of the financial statements.

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

4 MANAGEMENT FEE

In accordance with the Information Memorandum, the Manager is entitled to a management fee at a rate not exceeding 1.00% per annum on the NAV of the Fund calculated on a daily basis.

For the financial year ended 31 May 2024, the management fee is recognised at a rate of 1.00% (2023: 1.00%) per annum on the NAV of the Fund calculated on a daily basis.

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

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

5 CUSTODIAN FEE

In accordance with the Information Memorandum, the Custodian is entitled to an annual fee (inclusive of local custodian fee but excluding foreign sub-custodian fee) of up to 0.03% (2023: 0.03%) per annum of the security asset under custody, which will be subjected to a minimum fee of RM12,000 per annum.

6 FUND ACCOUNTING FEE

The fund valuation and accounting fee for the Fund is RM36,000 (2023: RM39,000) during the financial year.

7 TAXATION

	<u>2024</u> RM	<u>2023</u> RM
Current taxation	390,252	586,913
Over provision in prior year	(142,271)	-
	<u>247,981</u>	<u>586,913</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>2024</u> RM	<u>2023</u> RM
Net profit/(loss) before taxation	<u>34,877,535</u>	<u>(9,410,037)</u>
Tax at Malaysian statutory tax rate of 24% (2023: 24%)	8,370,608	(2,258,409)
Tax effects of:		
(Investment income not subject to tax)/ investment loss not brought to tax	(9,266,109)	1,608,525
Expenses not deductible for tax purposes	535,465	409,801
Restrictions on tax deductible expenses for Wholesale Fund	750,288	821,335
Foreign income subject to different tax rate	-	5,661
Over provision in prior year	(142,271)	-
Tax expense	<u>247,981</u>	<u>586,913</u>

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2024</u> RM	<u>2023</u> RM
Financial assets at fair value through profit or loss:		
- quoted equities – local	26,579,616	9,751,560
- quoted equities – foreign	205,796,146	242,938,425
- collective investment schemes – local	40,035,801	73,813,961
- collective investment schemes – foreign	2,352,500	2,305,250
- exchange-traded funds – foreign	22,262,110	32,022,522
	<u>297,026,173</u>	<u>360,831,718</u>
Net gain/(loss) on financial assets at fair value through profit or loss		
- realised loss on sale of investments	(12,817,508)	(21,578,744)
- unrealised gain on changes in fair value	47,786,553	6,648,925
- management fee rebate on collective investment schemes #	550,534	504,220
	<u>35,519,579</u>	<u>(14,425,599)</u>

In arriving at the fair value of collective investment schemes, the management fee initially paid to the Manager of collective investment schemes have been considered as part of its net asset value. In order to prevent the double charging of management fee which is not permissible under SC Guidelines, management fee charged on the Fund's investments in collective investment schemes have been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment schemes is reflected as an increase in the net asset value of the collective investment schemes.

(a) Quoted equities – local

(i) Quoted equities – local as at 31 May 2024 are as follows:

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Financial services</u>				
Malayan Banking Bhd	1,698,200	15,236,718	16,863,126	5.12
<u>Utilities</u>				
Mega First Corporation Bhd	2,037,000	7,565,380	9,716,490	2.95
Total quoted equities – local	<u>3,735,200</u>	<u>22,802,098</u>	<u>26,579,616</u>	<u>8.07</u>
Accumulated unrealised gain on quoted equities – local		<u>3,777,518</u>		
Total quoted equities – local		<u>26,579,616</u>		

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 31 May 2023 are as follows:

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Utilities</u>				
Mega First Corporation Bhd	2,964,000	11,008,240	9,751,560	2.42
Total quoted equities – local	<u>2,964,000</u>	<u>11,008,240</u>	<u>9,751,560</u>	<u>2.42</u>
Accumulated unrealised loss on quoted equities – local		(1,256,680)		
Total quoted equities – local		<u>9,751,560</u>		

(b) Quoted equities – foreign

(i) Quoted equities – foreign as at 31 May 2024 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
<u>Consumer discretionary</u>				
Samsonite International S.A.	596,640	9,237,002	8,898,719	2.70
<u>Indonesia</u>				
<u>Financial services</u>				
Bank Central Asia Tbk PT	3,326,500	9,100,942	8,904,874	2.71
<u>Korea</u>				
<u>Technology</u>				
SK Hynix Inc	17,661	8,618,414	11,346,934	3.45

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 May 2024 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Singapore</u>				
<u>Financial services</u>				
DBS Group Holdings Ltd	79,128	8,612,181	9,884,002	3.00
<u>United Kingdom</u>				
<u>Consumer discretionary</u>				
Compass Group PLC	77,623	9,740,308	10,181,700	3.09
<u>Healthcare</u>				
Haleon PLC	523,083	10,324,625	10,168,584	3.09
<u>United States</u>				
<u>Consumer discretionary</u>				
Amazon.com Inc	11,532	8,070,627	9,573,292	2.91
D.R. Horton Inc	9,634	6,934,697	6,699,927	2.04
Marriott International Inc	2,964	3,116,707	3,224,227	0.98
	24,130	18,122,031	19,497,446	5.93
<u>Consumer Staples</u>				
Cencora Inc	11,060	11,628,279	11,782,806	3.58
<u>Energy</u>				
Valaris Ltd	18,632	6,172,299	6,785,160	2.06
<u>Financial services</u>				
Aon PLC - Class A	3,579	4,886,220	4,740,233	1.44
HDFC Bank Ltd	34,200	10,578,946	9,308,701	2.83
ICICI Bank Ltd	55,111	6,208,911	6,933,609	2.11
	92,890	21,674,077	20,982,543	6.38

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 May 2024 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>United States</u> (continued)				
<u>Healthcare</u>				
Thermo Fisher Scientific Inc	3,655	9,647,117	9,768,972	2.97
<u>Industrials</u>				
American Express Company	5,856	4,930,452	6,612,871	2.01
Corpay Inc	4,651	6,008,315	5,860,474	1.78
	<u>10,507</u>	<u>10,938,767</u>	<u>12,473,345</u>	<u>3.79</u>
<u>Technology</u>				
Broadcom Inc	1,652	9,492,842	10,335,073	3.14
Meta Platforms Inc	2,858	4,683,708	6,277,815	1.91
Micron Technology Inc	8,144	4,828,626	4,789,690	1.46
Microsoft Corporation	7,112	12,477,052	13,895,414	4.22
Taiwan Semiconductor Manufacturing Company Ltd	34,870	16,617,916	24,796,535	7.53
Western Digital Corporation	14,184	4,993,191	5,026,534	1.53
	<u>68,820</u>	<u>53,093,335</u>	<u>65,121,061</u>	<u>19.79</u>
Total quoted equities – foreign	<u>4,850,329</u>	<u>186,909,377</u>	<u>205,796,146</u>	<u>62.54</u>
Accumulated unrealised gain on quoted equities – foreign		<u>18,886,769</u>		
Total quoted equities – foreign		<u>205,796,146</u>		

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 31 May 2023 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>China</u>				
<u>Healthcare</u>				
Shenzhen Mindray Bio-Med Electronics Co. Ltd.	33,900	6,810,336	6,607,588	1.64
<u>Hong Kong</u>				
<u>Consumer discretionary</u>				
Alibaba Group Holding Ltd	382,510	22,170,342	17,545,435	4.36
China Tourism Group Duty Free	72,840	8,060,437	5,343,207	1.33
Li Ning Company Ltd	214,950	7,788,689	5,319,239	1.32
	<u>670,300</u>	<u>38,019,468</u>	<u>28,207,881</u>	<u>7.01</u>
<u>Consumer staples</u>				
Budweiser Brewing Company APAC	851,800	10,391,218	9,877,009	2.45
China Mengniu Dairy Co Ltd	658,900	14,862,975	11,782,595	2.93
Vinda International Holdings	109,120	1,357,344	1,208,718	0.30
	<u>1,619,820</u>	<u>26,611,537</u>	<u>22,868,322</u>	<u>5.68</u>
<u>Financial services</u>				
AIA Group Ltd	390,100	18,399,131	17,261,503	4.29
<u>Technology</u>				
Meituan	66,730	6,593,158	4,332,768	1.08
Tencent Holdings Ltd	101,960	24,432,206	18,659,242	4.63
	<u>168,690</u>	<u>31,025,364</u>	<u>22,992,010</u>	<u>5.71</u>
<u>Real estate</u>				
Link REIT	239,680	7,985,858	6,425,544	1.60

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 31 May 2023 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>South Korea</u>				
<u>Technology</u>				
Samsung Electro-Mechanics Co	18,787	9,157,342	9,632,837	2.39
Samsung Electronics Co Ltd	73,253	15,918,345	18,155,980	4.51
SK Hynix Inc	27,173	8,793,246	10,258,224	2.55
	<u>119,213</u>	<u>33,868,933</u>	<u>38,047,041</u>	<u>9.45</u>
<u>Healthcare</u>				
Hugel Inc	10,270	4,955,476	3,884,222	0.96
<u>Singapore</u>				
<u>Financial services</u>				
Vertex Technology Acq Corp Ltd	175,300	2,673,497	2,749,673	0.68
Vertex Technology Acq Corp Ltd - Warrant	52,590	46,721	8,947	-
	<u>227,890</u>	<u>2,720,218</u>	<u>2,758,620</u>	<u>0.68</u>
<u>Real estate</u>				
CapitaLand Integrated Comm Trust	1,546,600	10,225,037	10,471,990	2.60
Frasers Centrepoint Trust	1,707,300	12,812,533	12,315,267	3.06
	<u>3,253,900</u>	<u>23,037,570</u>	<u>22,787,257</u>	<u>5.66</u>
<u>Taiwan</u>				
<u>Technology</u>				
Taiwan Semiconductor Manufacturing Co. Ltd.	63,153	27,580,853	28,729,439	7.13

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 31 May 2023 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Thailand</u>				
<u>Consumer staples</u>				
CP All Public Company Ltd	961,240	8,236,046	8,100,940	2.01
<u>United States</u>				
<u>Consumer discretionary</u>				
Amazon.com Inc	18,797	10,165,400	10,454,226	2.60
<u>Industrials</u>				
Berry Global Group Inc	32,800	8,797,944	8,654,572	2.15
<u>Technology</u>				
Microsoft Corporation	10,003	6,761,350	15,159,260	3.76
Total quoted equities – foreign	<u>7,819,756</u>	<u>254,975,484</u>	<u>242,938,425</u>	<u>60.33</u>
Accumulated unrealised loss on quoted equities – foreign		<u>(12,037,059)</u>		
Total quoted equities – foreign		<u>242,938,425</u>		

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

(c) Collective investment schemes – local

(i) Collective investment schemes – local as at 31 May 2024 are as follow:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
AHAM INR Flexi Fund*	6,574,405	9,001,278	9,660,430	2.94
AHAM TWD Flexi Fund*	9,686,024	25,392,917	30,375,371	9.23
Total collective investment schemes – local	<u>16,260,429</u>	<u>34,394,195</u>	<u>40,035,801</u>	<u>12.17</u>
Accumulated unrealised gain on collective investment schemes – local		<u>5,641,606</u>		
Total collective investment schemes – local		<u>40,035,801</u>		

**Managed by the Manager*

(c) Collective investment schemes – local (continued)

(ii) Collective investment schemes – local as at 31 May 2023 are as follow:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
AHAM INR Flexi Fund*	17,769,687	24,244,961	23,466,649	5.83
AHAM TWD Flexi Fund*	11,011,024	28,866,542	27,059,591	6.72
AHAM Select Cash Fund*	21,304,292	23,164,232	23,287,721	5.78
Total collective investment schemes – local	<u>50,085,003</u>	<u>76,275,735</u>	<u>73,813,961</u>	<u>18.33</u>
Accumulated unrealised loss on collective investment schemes – local		<u>(2,461,774)</u>		
Total collective investment schemes – local		<u>73,813,961</u>		

**Managed by the Manager*

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

(d) Collective investment scheme – foreign

(i) Collective investment scheme – foreign as at 31 May 2024 are as follow:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
Sotella Fund Pte. Ltd Class A1 - USD #	10	2,218,500	2,352,500	0.71
Total collective investment scheme – foreign	<u>10</u>	<u>2,218,500</u>	<u>2,352,500</u>	<u>0.71</u>
Accumulated unrealised gain on collective investment scheme – foreign		<u>134,000</u>		
Total collective investment scheme – foreign		<u>2,352,500</u>		

(ii) Collective investment scheme – foreign as at 31 May 2023 are as follow:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
Sotella Fund Pte Ltd Class A1 – USD #	10	2,218,500	2,305,250	0.57
Total collective investment scheme – foreign	<u>10</u>	<u>2,218,500</u>	<u>2,305,250</u>	<u>0.57</u>
Accumulated unrealised gain on collective investment scheme – foreign		<u>86,750</u>		
Total collective investment scheme – foreign		<u>2,305,250</u>		

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

(d) Collective investment scheme – foreign (continued)

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

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

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

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

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

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

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

(e) Exchange-traded funds – foreign

(i) Exchange-traded funds – foreign as at 31 May 2024 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>United States</u>				
Alerian MLP ETF	58,875	13,210,804	12,695,225	3.86
The Energy Select Sector SPDR® Fund	21,817	8,852,735	9,566,885	2.91
	<u>80,692</u>	<u>22,063,539</u>	<u>22,262,110</u>	<u>6.77</u>
Total exchange-traded funds – foreign	<u>80,692</u>	<u>22,063,539</u>	<u>22,262,110</u>	<u>6.77</u>
Accumulated unrealised gain on exchange-traded funds – foreign		<u>198,571</u>		
Total exchange-traded funds – foreign		<u>22,262,110</u>		

(ii) Exchange-traded funds – foreign as at 31 May 2023 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>United States</u>				
Global X Uranium ETF	79,737	9,349,404	7,312,110	1.82
IShares \$ Treasury Bond 20+yr UCITS ETF USD D	570,002	12,640,267	12,684,014	3.15
	<u>649,739</u>	<u>21,989,671</u>	<u>19,996,124</u>	<u>4.97</u>
<u>Hong Kong</u>				
IShares FTSE A50 China ETF	1,576,170	13,512,177	12,026,398	3.00
Total exchange-traded funds – foreign	<u>2,225,909</u>	<u>35,501,848</u>	<u>32,022,522</u>	<u>7.97</u>
Accumulated unrealised loss on exchange-traded funds – foreign		<u>(3,479,326)</u>		
Total exchange-traded funds – foreign		<u>32,022,522</u>		

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

9 NUMBER OF UNITS IN CIRCULATION

(a) AUD Class units in circulation

	<u>2024</u> No. of units	<u>2023</u> No. of units
At beginning of the financial year	4,166,000	4,166,000
Creation of units arising from applications	10,000	103,000
Cancellation of units	(1,407,000)	(103,000)
At the end of the financial year	<u>2,769,000</u>	<u>4,166,000</u>

(b) GBP Class units in circulation

	<u>2024</u> No. of units	<u>2023</u> No. of units
At beginning of the financial year	434,000	603,000
Creation of units arising from applications	46,000	-
Cancellation of units	(64,000)	(169,000)
At the end of the financial year	<u>416,000</u>	<u>434,000</u>

(c) MYR Class units in circulation

	<u>2024</u> No. of units	<u>2023</u> No. of units
At beginning of the financial year	262,921,000	297,517,000
Creation of units arising from applications	2,116,000	3,945,000
Cancellation of units	(67,344,000)	(38,541,000)
At the end of the financial year	<u>197,693,000</u>	<u>262,921,000</u>

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

9 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(d) SGD Class units in circulation

	<u>2024</u>	<u>2023</u>
	No. of units	No. of units
At beginning of the financial year	7,980,000	8,433,000
Creation of units arising from applications	806,000	-
Cancellation of units	<u>(1,376,000)</u>	<u>(453,000)</u>
At the end of the financial year	<u><u>7,410,000</u></u>	<u><u>7,980,000</u></u>

(e) USD Class units in circulation

	<u>2024</u>	<u>2023</u>
	No. of units	No. of units
At beginning of the financial year	21,362,000	27,151,000
Cancellation of units	<u>(8,890,000)</u>	<u>(5,789,000)</u>
At the end of the financial year	<u><u>12,472,000</u></u>	<u><u>21,362,000</u></u>

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

10 TRANSACTIONS WITH BROKERS

(i) Detail of transactions with top 10 brokers for the financial year ended 31 May 2024 is as follows:

<u>Name of broker</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
Robert W. Baird & Co. Incorporated	268,891,508	28.27	48,876	5.20
CLSA Ltd (Hong Kong)	50,851,135	5.34	95,861	10.21
Sanford C. Bernstein And Co., Llc	50,669,241	5.33	11,825	1.26
Flow Traders B.V.	46,026,379	4.84	-	-
CLSA Ltd (United Kingdom)	38,612,675	4.06	-	-
Merrill Lynch International Ltd	38,001,407	3.99	109,899	11.70
Macquarie Securities (Australia) Ltd	33,886,606	3.56	27,315	2.91
Citibank National Association	31,730,587	3.33	8,164	0.87
CLSA Securities Korea Ltd.	30,995,907	3.26	76,049	8.10
Affin Hwang Investment Bank Bhd#	30,367,853	3.19	-	-
Others	331,435,435	34.83	561,134	59.75
	<u>951,468,733</u>	<u>100.00</u>	<u>939,123</u>	<u>100.00</u>

(ii) Detail of transactions with top 10 brokers for the financial year ended 31 May 2023 is as follows:

<u>Name of broker</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
CLSA Group	99,870,721	15.88	276,733	24.20
Affin Hwang Investment Bank Bhd#	73,939,836	11.75	-	-
Robert W. Baird & Co. Group	68,845,851	10.94	20,337	1.78
DBS Group	56,450,024	8.97	19,344	1.69
Flow Traders Group	45,324,496	7.20	-	-
Macquarie Group	40,921,113	6.50	112,075	9.80
Merrill Lynch International Ltd	33,560,704	5.33	125,212	10.95
Jefferies International Ltd	24,404,910	3.88	82,454	7.21
Citigroup Global Markets Ltd	21,056,291	3.35	56,703	4.96
Sanford C. Bernstein And Co., Llc	20,783,104	3.30	58,326	5.10
Others	143,990,435	22.90	392,551	34.31
	<u>629,147,485</u>	<u>100.00</u>	<u>1,143,735</u>	<u>100.00</u>

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

10 TRANSACTIONS WITH BROKERS (CONTINUED)

Included in the transactions with brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, the former immediate holding company of the Manager amounting to RM30,367,853 (2023: RM73,939,836). 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 at agreed terms between the related parties.

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

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

<u>Related parties</u>	<u>Relationships</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 ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

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

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

	<u>2024</u>		<u>2023</u>	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
AHAM Asset Management Berhad (the units are held legally for booking purposes)				
- AUD Class	3,538	6,132	3,459	5,417
- GBP Class	3,277	10,455	3,079	8,877
- MYR Class	2,773	3,963	2,196	2,836
- SGD Class	3,159	5,391	3,874	5,974
- USD Class	3,579	7,990	3,063	6,179
	<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.

12 TOTAL EXPENSE RATIO ("TER")

	<u>2024</u>	<u>2023</u>
	%	%
TER	<u>1.05</u>	<u>1.04</u>

TER is derived from the following calculation:

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

A	=	Management fee, excluding management fee rebates
B	=	Custodian 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 RM366,965,857 (2023: RM429,611,134)

AHAM ABSOLUTE RETURN FUND II

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024 (CONTINUED)

13 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2024</u>	<u>2023</u>
PTR (times)	<u>1.31</u>	<u>0.83</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM426,519,516 (2023: RM383,783,516)
total disposal for the financial year = RM538,111,614 (2023: RM327,967,138)

AHAM ABSOLUTE RETURN FUND II

STATEMENT BY THE MANAGER

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **AHAM Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 46 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 May 2024 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial year that ended 31 May 2024 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
30 July 2024

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of AHAM Absolute Return Fund II (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 May 2024, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 May 2024, and the statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 1 to 46.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Emphasis of matter

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

OTHER MATTERS

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

**PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants**

**Kuala Lumpur
30 July 2024**

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