



ANNUAL REPORT
31 May 2024

AHAM Strategic Opportunity Fund 5

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

TRUSTEE
CIMB Commerce Trustee Berhad
199401027349 (313031-A)

Built On Trust

aham.com.my

AHAM STRATEGIC OPPORTUNITY FUND 5

Audited Annual Report and Financial Statements For The Financial Period From 23 June 2023 (Date of Launch) To 31 May 2024

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FUND INFORMATION

Fund Name	AHAM Strategic Opportunity Fund 5
Fund Type	Income
Fund Category	Fixed Income (Wholesale/Closed-end)
Investment Objective	The Fund aims to provide income return whilst maintaining capital preservation
Benchmark	The Fund does not have a benchmark
Distribution Policy	Depending on the level of income the Fund generates, the Fund aims to distribute income on an annual basis.

FUND PERFORMANCE DATA

Category	As at 31 May 2024 (%)
Portfolio composition	
Unquoted fixed income securities	99.36
Unquoted derivatives - option	0.41
Cash & cash equivalent	0.23
Total	100.00
Total NAV (RM'million)	31.422
NAV per unit (RM)	0.9780
Unit in Circulation (million)	32.129
Highest NAV	1.0006
Lowest NAV	0.9641
Return of the Fund (%) ¹	-2.20
- Capital Growth (%)	-2.20
- Income Distribution (%)	Nil
Gross Distribution per unit (sen)	Nil
Net Distribution per unit (sen)	Nil
Total Expense Ratio (%) ²	0.10
Portfolio Turnover Ratio (times) ³	0.54

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	=	(1+Capital return) x (1+Income return) – 1

¹ Return of the Fund is calculated from the investment date of the Fund, 28 July 2024.

² The Fund was launched on 23 June 2023, hence the absence of TER from the previous year.

³ The Fund was launched on 23 June 2023, hence the absence of PTR from the previous year.

Income Distribution / Unit Split

No income distribution or unit split were declared for the financial year ended 31 May 2024.

Income Distribution Breakdown

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

Fund Performance

Table 1: Performance of the Fund

	Since Commencement (28/7/23 - 31/5/24)
Fund	(2.20%)

Table 2: Average Total Return

	Since Commencement (28/7/23 - 31/5/24)
Fund	(2.20%)

Table 3: Annual Total Return

	FYE 2024 (28/7/23 - 31/5/24)
Fund	(2.20%)

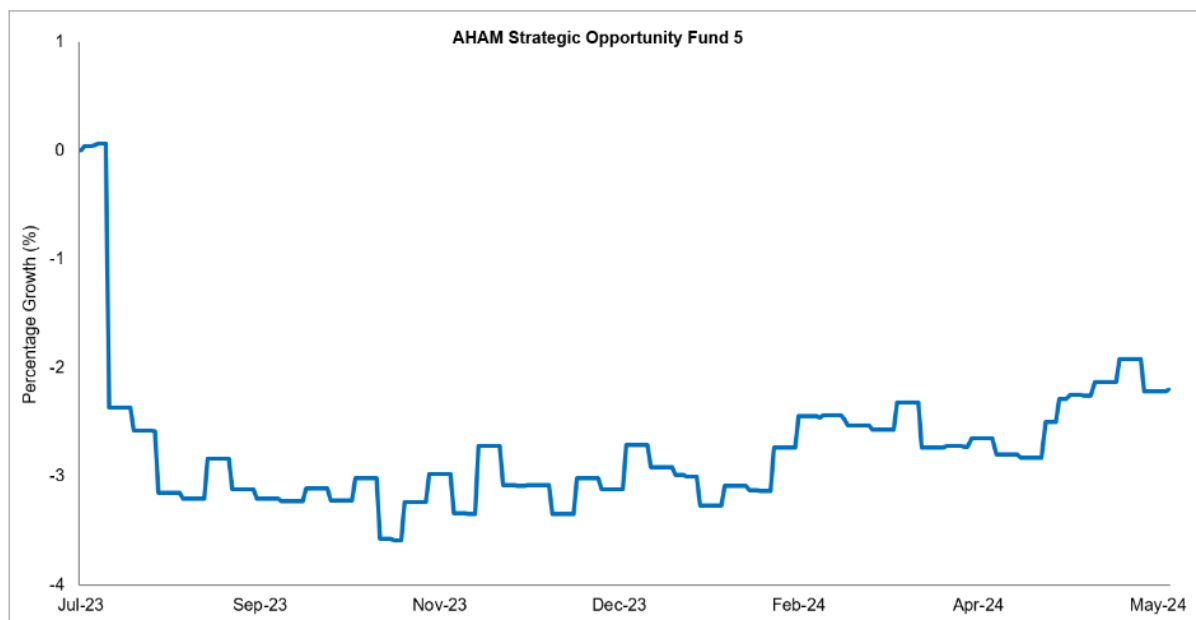
Past performance is not necessarily indicative of future performance and that Unit prices and investment returns may go down, as well as up.

MANAGER'S REPORT

Performance Review (28 July 2023 to 31 May 2024)

For the period 23 June 2023 (Date of Launch) to 31 May 2024, the Fund registered a return of -2.20% return. The Net Asset Value (NAV) per unit of the Fund as at 31 May 2024 was RM0.9780 while the initial NAV per unit was RM1.0000.

Figure 1: Movement of the Fund 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."

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 Fund's asset allocation stood at 99.36% in unquoted fixed income instruments and 0.41% in unquoted derivatives - option.

Strategies Employed

Over the period under review, the Fund maintained its strategy of employing a buy and hold strategy, remaining invested until the maturity date of the Fund.

Market Review

Global markets grappled with opposing forces in August 2023 as Treasury yields rising to fresh cycle highs across the curve amid continued strength in United States ("U.S.") production data, and more signs of economic weakness in China and global manufacturing. Global equities posted their first month of losses since May 2023, with Chinese stocks leading the way down due to concerns that not enough policy support is being delivered to stop the slide in economic growth. Economic conditions in China continue to deteriorate. Industrial production, fixed asset investment, credit growth, consumer spending, property investment, and the unemployment rate all disappointed, while new home prices also fell month-on-month. Worryingly, Chinese authorities also decided to stop publishing the youth unemployment rate, citing concerns about data

quality. That metric had deteriorated to its worst levels in its short history in June, showing that the unemployment rate among 16 to 24 year-olds was 21.3%. The economic stress became apparent following liquidity pressures from a major real estate developer as well as an asset manager with deep links to the property sector. China increased its efforts to support the economy, but steps taken up until October still appear measured. Policymakers delivered interest rate cuts that were not as large as expected, suggesting that monetary stimulus is constrained by other considerations like bank profitability and currency weakness. The minimum downpayment for first-time homebuyers has also been reduced to 20%, and the authorities are also encouraging lenders to lower rates on existing mortgages. One bright spot at the end of the month: both the official and private manufacturing Purchasing Managers' Index ("PMI") exceeded expectations in August, with the former pointing to a mild contraction in the sector and the latter suggesting a modest expansion.

In September 2023, China's economic conditions showed signs of stabilizing and improved as measured steps to support growth appear to be bearing fruit. August data showed higher than anticipated credit growth as well as industrial production and retail sales posting a faster pace of annual growth. While risks linked to property sector retrenchment and embattled developers continue to linger, higher frequency macro data for September point to a modest increase in Chinese economic momentum. In September, China's official and private purchasing managers' indexes showed both the manufacturing and non-manufacturing sectors were above 50 (which separates expansion from contraction) for the first time since March.

Signs of cooling economic and inflation data coupled with signals that the Federal Reserve's tightening cycle is over propelled financial markets sharply higher in November 2023. This was the best month for a 60/40 portfolio (as proxied by the Morgan Stanley Capital International ("MSCI") All Country World Index ("ACWI") and Bloomberg U.S. Treasury Total Return Index) since November 2020, when positive news on the development of vaccinations buoyed markets. Global yield curves bull-steepened, with yields at the short end falling faster than the long end as traders priced in interest rate cuts. Credit spreads tightened substantially over the course of the month.

In China, both equities and credit crept higher on the back of data stabilization in most aspects of the economy. In November 2023, data released out of China pointed to a two-speed economy: industrial activity and retail sales are largely positive and regaining some momentum, while real estate continues to be a significant drag on growth. Policymakers have since taken additional measures to support the property market, including pushing banks to help certain developers obtain funding (including unsecured short-term loans) that might allow them to complete unfinished projects. U.S. President Joe Biden and Chinese President Xi Jinping had a meeting in San Francisco that was described as "constructive" by both sides. The two reached a variety of relatively small-scale agreements related to counternarcotics efforts, restoring top-level military communications, artificial intelligence, air travel, and more.

Signs that cooling inflation would allow central banks to begin lowering interest rates in 2024 without deterioration in economic growth fueled another month of strong gains in financial markets during December. Most regional equity indexes rose over the course of the month. Global yield curves made a near parallel shift lower as traders priced in more interest rate cuts and term premia declined. Credit spreads tightened over the course of the month to end 2023 close to their lows of the year. In China, equities slid while credit rose higher. Macro data released over the course of the month was generally positive. Industrial production rose 6.6 percent year-on-year in December, more than expected. Retail sales rose less than estimates, but still at a double-digit pace year-on-year. The jobless rate held steady at 5 percent. The trade surplus was much larger than anticipated in November as exports unexpectedly rose while imports unexpectedly contracted, year-on-year. Real estate remains a material drag on activity, with investment down 9.4 percent year-to-date through November versus the same period in 2022, and property sales down 4.3 percent.

Both the consumer and producer price indexes for November 2023 were in deflationary territory, down 0.5 percent and 3 percent year-on-year, respectively. Communiques from China's central economic work conference did not signal that large-scale economic stimulus will be in the offing. Rather, policymakers stressed the need for high-quality development, a focus on the nature of growth rather than the quantity. Officials indicated a desire to continue promoting the stabilization of the economy with measured support and largely stay the course on fiscal policy. Chinese banks cut deposit rates in December, a move that may presage a move lower in lending rates. China's top gaming regulator published a draft of new rules that could limit the amount of time and money players can spend online, restrictions which weighed on tech heavyweights. The PMI released by the National Bureau of Statistics were roughly unchanged in December, with manufacturing edging down to 49 and the non-manufacturing reading up marginally to 50.4.

Resilient earnings helped drive another month of equity gains in January 2024, even as government bond yields rose as central banks pushed back on the timing of easing cycles and U.S. growth data remained robust. Most regional equity indexes rose in January, though the gains were much more muted than the previous two months. Global credit spreads ended virtually flat month-on-month and are at tight levels versus their long-term history. In China, equities were a major laggard, while credit rose slightly. Fourth quarter growth in China rose 5.2 percent year-on-year, just below expectations. Trade activity was higher than expected, with exports up 2.3 percent year-on-year in December, larger than expected, while imports rose a more modest 0.2 percent year-on-year, though these had been expected to decline. On net, the trade balance was slightly bigger than anticipated. Industrial parts of the economy continue to grow at a steady clip, with industrial production up 4.6 percent year-on-year in December and fixed asset investment up 3 percent for the year as a whole. Retail sales growth decelerated by more than anticipated, up 7.4 percent year-on-year versus an estimated 8 percent advance. The jobless rate rose marginally to 5.1 percent in December. Real estate remains a material drag on activity, with investment down 9.6 percent year-to-date through December versus the same period in 2022, and property sales down 6 percent year-on-year. All rates of contraction were worse than November's figures. Both the consumer and producer price indexes for November were in deflationary territory, down 0.3 percent and 2.7 percent year-on-year, respectively. The PMIs released by the National Bureau of Statistics were roughly unchanged in January, with manufacturing edging higher to 49.2 and the non-manufacturing reading rising to 50.7. The Caixin manufacturing PMI was in line with expectations with a reading of 50.8.

Chinese equities rebounded strongly in February 2024, while credit was mixed. There was a dearth of economic data out of China in February on account of the Lunar New Year holiday. New home prices declined 0.37 percent month-on-month, a smaller drop than the prior month, and with fewer cities seeing lower prices. The People's Bank of China also added some monetary stimulus, cutting the five-year loan prime rate by 0.25 percent to 3.95 percent in a bid to help incentivize demand for mortgages to stabilize the struggling property market. Credit growth rose to a record high in January, with over 4.9 trillion (Renminbi) ("RMB") in new loans. The February Caixin manufacturing PMI edged higher to 50.9, above expectations. The National Bureau of Statistics' edition of the manufacturing PMI moderated a tick to 49.1, while the services PMI rose to 51.4. Overall, the PMI figures point to continued economic stabilization and modest growth.

Chinese credit ticked up in March 2024, though equity performance was flat. Economic data from China pointed to a solid showing for the first two months of the year, albeit with a continued drag from the property sector. Fixed asset investment, industrial production, and exports all ran well above expectations for January and February on a cumulative basis relative to the same period in 2023. Retail sales were a tick below expectations at annual growth of 5.5 percent. Property sales, however, contracted by nearly 33 percent year-on-year over this stretch, while investment was down 9 percent. New and used home prices also contracted on a monthly basis for February. Broad surveys of the economy improved by more than expected in March, with the National Bureau of Statistics' non-manufacturing PMI up to 53 versus a consensus estimate of 51.5. The corresponding manufacturing PMI came in at 50.8 (50.1 expected) and the Caixin manufacturing PMI was a touch above estimates at 51.1.

Following five straight months of gains, global equity prices fell in April. U.S. stocks led the sell-off, while Europe fared somewhat better and Chinese equities rallied. The rise in bond yields – that had started at the beginning of the year – accelerated in April on the back of strong growth and inflation data in the U.S. Bond volatility reversed its prior course, moving back up into its trading range since 2022.

While Chinese equities rallied strongly in April, credit remained largely flat. March economic data was relatively soft. Industrial production was up 6.1 percent in March on a year-to-date basis compared to the same period in 2023, below an estimate for growth of 6.6 percent. Retail sales were up just 4.7 percent versus expectations for a 5.4 percent increase. Fixed asset investment did surprise to the upside, up 4.5 percent year-to-date versus March of last year. The property sector continues to be a material drag on activity, with property investment down 9.5 percent in the three months ending March versus the same period in 2023 and residential property sales off 30.7 percent. New and used home prices also contracted on a monthly basis in March.

Macro data published in May generally supported the outlook for a U.S. soft landing and has lifted both global stocks and U.S. bonds. For the first time, the Dow Jones topped 40,000 and Standard & Poor ("S&P") 500 topped 5,300, though both experienced some softening afterwards. Chinese stocks outperformed significantly in the first half of the month as newly announced government measures to support the property

sector lifted sentiment. But doubts about the sufficiency of these measures to improve the growth outlook caused a pullback later in May.

Chinese equities and bonds rose on aggregate May. China rolled out more national stimulus following negative credit growth data, including the sales of ~\$140 billion in long-term bonds and the announcement of letting local governments buy unsold homes from developers directly, lower mortgage rates, and looser down payment requirements. After an initial bounce in investor sentiment on the back of the measures, doubts about the relatively small size of the program caused a market reversal. There is an upside case for China, if strong execution of property purchases by local governments slows the negative trend in new home sales and property prices, ultimately lifting consumer sentiment. But for now, uncertainty remains high and data relatively weak. The latest official Manufacturing PMI unexpectedly dropped below the 50 thresholds again to 49.5 while Caixin PMI posted expansionary data at 51.7. Retail sales for April surprised negatively, growing just 2.3% YoY.

Investment Outlook

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

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

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

On the flipside, it is worth cautioning on some possible scenarios that may have adverse implications on investments. Commodity prices could be volatile, having mixed demand and supply dynamics amid a moderating global economic growth. Besides that, the Bank of Japan has exited negative interest rates and yield curve control policy but there will be further speculation on whether the central bank will further normalise its monetary policy such as on Japanese Government Bonds ("JGB") buying. On the geopolitical front, there are various conflicts that are unfolding and may have mixed implications on global markets.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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 period under review, no soft commission was received by the management on behalf of the Fund.

Cross Trade

No cross trade transactions have been carried out during the reported period.

Securities Financing Transactions

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

Changes Made to the Fund's Information Memorandum

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

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AHAM STRATEGIC OPPORTUNITY FUND 5 (“Fund”)

We have acted as the Trustee of the Fund for the Financial Period From 23 June 2023 (Date Of Launch) to 31 May 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AHAM Asset Management Berhad has operated and managed the Fund during the year covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the Management Company under the Deed, securities laws and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

CIMB Commerce Trustee Berhad

Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur
Date: 26 July 2024

AHAM STRATEGIC OPPORTUNITY FUND 5

FINANCIAL STATEMENTS

**FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH)
TO 31 MAY 2024**

AHAM STRATEGIC OPPORTUNITY FUND 5

FINANCIAL STATEMENTS

**FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH)
TO 31 MAY 2024**

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AHAM STRATEGIC OPPORTUNITY FUND 5

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024

	<u>Note</u>	Financial period from 23.6.2023 (date of launch) to <u>31.5.2024</u> RM
INVESTMENT LOSS		
Interest income from financial assets at amortised cost		21,200
Interest income from financial assets at fair value through profit or loss		950,383
Net loss on financial assets at fair value through profit or loss	8	(190,082)
Net loss on derivatives at fair value through profit or loss	9	(1,458,335)
		<u>(676,834)</u>
EXPENSES		
Trustee fee	5	(5,563)
Fund accounting fee	6	(10,000)
Auditors' remuneration		(10,000)
Tax agent's fee		(3,500)
Other expenses		(1,047)
		<u>(30,110)</u>
NET LOSS BEFORE TAXATION		(706,944)
Taxation	7	-
NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u><u>(706,944)</u></u>

AHAM STRATEGIC OPPORTUNITY FUND 5

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024

	Financial period from 23.6.2023 (date of launch) to <u>31.5.2024</u> RM
Net loss after taxation is made up of the following:	
Realised amount	(8,910)
Unrealised amount	(698,034)
	<hr/>
	(706,944)
	<hr/> <hr/>

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

AHAM STRATEGIC OPPORTUNITY FUND 5

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2024

	<u>Note</u>	As at <u>31.5.2024</u> RM
ASSETS		
Cash and cash equivalents		88,323
Financial assets at fair value through profit or loss	8	31,221,485
Derivatives at fair value through profit or loss	9	127,809
TOTAL ASSETS		<u>31,437,617</u>
LIABILITIES		
Amount due to Trustee		533
Fund accounting fee		1,000
Auditors' remuneration		10,000
Tax agent fee		3,500
Other payables and accruals		528
TOTAL LIABILITIES		<u>15,561</u>
NET ASSET VALUE OF THE FUND		<u>31,422,056</u>
EQUITY		
Unit holders' capital		32,129,000
Accumulated loss		(706,944)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>31,422,056</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>32,129,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.9780</u>

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

AHAM STRATEGIC OPPORTUNITY FUND 5

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024

	Unit holders' <u>capital</u> RM	Accumulated <u>loss</u> RM	<u>Total</u> RM
Balance as at 23 June 2023 (date of launch)	-	-	-
Total comprehensive loss for the financial period	-	(706,944)	(706,944)
Movement in unit holders' capital:			
Creation of units arising from applications	32,129,000	-	32,129,000
Balance as at 31 May 2024	<u>32,129,000</u>	<u>(706,944)</u>	<u>31,422,056</u>

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

AHAM STRATEGIC OPPORTUNITY FUND 5

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024

	Financial period from 23.6.2023 (date of launch) to <u>31.5.2024</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Purchase of investments	(30,461,184)
Purchase of derivatives	(1,586,144)
Interest received	21,200
Trustee fee paid	(5,030)
Fund accounting fee paid	(9,000)
Payment for other fees and expenses	(519)
	<hr/>
Net cash flows used in operating activities	(32,040,677)
	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from creation of units	32,129,000
	<hr/>
Net cash flows generated from financing activities	32,129,000
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	88,323
EFFECTS OF FOREIGN CURRENCY EXCHANGE	-
CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH	-
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CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	88,323
	<hr/> <hr/>

Cash and cash equivalents as at 31 May 2024 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 STRATEGIC OPPORTUNITY FUND 5

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 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 revenues and expenses during the reported financial period. 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 I.

The Fund commenced operations on 28 July 2023 and will continue its operations until terminated by the Trustee as provided under Clause 11.3 of the Deed or on maturity date of the Fund which falls on the second (2nd) anniversary of the investment date.

- (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.

AHAM STRATEGIC OPPORTUNITY FUND 5

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

B INCOME RECOGNITION

Interest income

Interest income from short-term deposits with licensed financial institutions are recognised on an effective interest rate method on an accruals basis.

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

Realised gains and losses on sale of investments

For unquoted fixed income securities, realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on cost adjusted for accretion of discount or amortisation of premium on investments.

Realised gains and losses on settlement of unquoted derivatives – options are recognised on the exercise date based on a pre-determined formula as stipulated in the term sheet of the option.

C TAXATION

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

AHAM STRATEGIC OPPORTUNITY FUND 5

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

D FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s functional and presentation currency.

E 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 financial assets measured at fair value through other comprehensive income.

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

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

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

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value.

AHAM STRATEGIC OPPORTUNITY FUND 5

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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 de-recognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

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

The Fund's investments in unquoted fixed income securities and unquoted derivatives – options are valued on a weekly basis using valuation techniques by the Fixed Income Securities Issuer and Option Seller. Refer to Note F and Note 3 of the financial statements.

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

AHAM STRATEGIC OPPORTUNITY FUND 5

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

E FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

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

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

AHAM STRATEGIC OPPORTUNITY FUND 5

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

F 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 unquoted derivative – option. 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 position will “marked to market” at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument. Derivative instruments that have a positive fair value and negative fair value are presented as financial assets measured at fair value through profit or loss and financial liabilities measured at fair value through profit or loss, respectively.

When the Fund purchases options, an amount equal to fair value which is based on the premium paid is recorded as an asset. When options are closed, the difference between the premium and the amount paid, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognised as a gain or loss and is presented in the statement of comprehensive income within ‘net gain/(loss) on derivatives at fair value through profit and loss’ in the financial period which they arise.

The method of recognising the resulting gains or losses 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.

G CASH AND CASH EQUIVALENTS

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

H UNIT HOLDERS' CAPITAL

The unit holders' capital to the Fund meets the criteria to be classified as equity instruments under MFRS 132 “Financial Instruments: Presentation”. Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net asset value (“NAV”);
- the units are the most subordinated class and class features are identical;
- there are no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

AHAM STRATEGIC OPPORTUNITY FUND 5

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

H UNIT HOLDERS' CAPITAL (CONTINUED)

The outstanding units are carried at the redemption amount that is payable at each financial period if unit holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the unit holders' option at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

I 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 unquoted fixed income securities and unquoted derivatives – options

The Fund invests in unquoted fixed income securities and unquoted derivatives – options that are not quoted in active markets. Fair value of such instrument are determined by using valuation techniques set out in Note 3 of the financial statements.

Models use observable data, to the extent practicable. However, unobservable input such as implied volatility and net costs of borrowing are based on assumptions that require management to make estimates. Changes in assumptions about this factor could affect the reported fair value of the unquoted derivative – options. The sensitivity to unobservable inputs is based on management's expectation of reasonable possible shift in these inputs, taking into consideration historical data and estimations of future market movements.

The Manager is of the opinion that it is reasonably possible, based on existing knowledge, that there could be substantial shift in the unobservable inputs in Note 3 to the financial statements within the next financial period which will result in material changes to the fair value of the fixed income securities and unquoted derivative –options.

AHAM STRATEGIC OPPORTUNITY FUND 5

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

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

The analysis of realised and unrealised 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 STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024

1 INFORMATION ON THE FUND

The Wholesale Fund was constituted under the name AHAM Strategic Opportunity Fund 5 (the “Fund”) pursuant to the execution of a Deed dated 12 June 2023 (the “Deed”) entered into between AHAM Asset Management Berhad (the “Manager”) and CIMB Commerce Trustee Berhad (the “Trustee”).

The Fund commenced operations on 28 July 2023 and will continue its operations until terminated by the Trustee as provided under Clause 11.3 of the Deed or on maturity date of the Fund which falls on the second anniversary of the investment date, 28 July 2025.

The Fund may invest in any of the following investments:

- (a) Debentures;
- (b) Money market instruments;
- (c) Deposits;
- (d) Embedded derivatives;
- (e) Derivatives; and
- (f) Any other form of investments as may be permitted by the SC that is in line with the investment objective of the Fund.

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

The main objective of the Fund is to provide income return whilst maintaining capital preservation.

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 26 July 2024.

AHAM STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total</u> RM
<u>As at 31.5.2024</u>				
<u>Financial assets</u>				
Cash and cash equivalents		88,323	-	88,323
Unquoted fixed income securities	8	-	31,221,485	31,221,485
Unquoted derivative – option	9	-	127,809	127,809
		<u>88,323</u>	<u>31,349,294</u>	<u>31,437,617</u>
<u>Financial liabilities</u>				
Amount due to Trustee		533	-	533
Fund accounting fee		1,000	-	1,000
Auditor's remuneration		10,000	-	10,000
Tax agent's fee		3,500	-	3,500
Other payables		528	-	528
		<u>15,561</u>	<u>-</u>	<u>15,561</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.

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.

AHAM STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

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

Market risk (continued)

(a) Price risk (continued)

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

	<u>As at 31.05.2024</u>
	RM
Unquoted investments	
Unquoted fixed income securities	31,221,485
Unquoted derivatives – options	127,809
	<u>31,349,294</u>

The following table summarises the sensitivity of the Fund's loss after taxation and NAV to price risk movement. The analysis is based on the assumptions that the market price increased by 3% and decreased by 3% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted and unquoted securities, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u>	Impact on
	RM	loss after
		<u>tax/NAV</u>
		RM
<u>As at 31.05.2024</u>		
-3%	30,408,815	(940,479)
0%	31,349,294	-
+3%	32,289,773	940,479

(b) Interest rate risk

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

AHAM STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

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

(b) Interest rate risk (continued)

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

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

The table below summarises the sensitivity of the Fund's loss after taxation and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 1% with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on loss after tax/ NAV</u> <u>As at 31.05.2024</u> RM
+ 1%	(14,965)
- 1%	14,975

(c) Currency risk

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

The Fund is not exposed to any currency risk as at 31 May 2024.

AHAM STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 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 that they are held by parties with credit rating of AA or higher.

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

	Cash and cash <u>equivalents</u> RM	Unquoted fixed income <u>securities</u> RM	Unquoted derivatives – options RM	<u>Total</u> RM
<u>As at 31.5.2024</u>				
Financial Services - AAA	88,323	31,221,485	127,809	31,437,617

Liquidity risk

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

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

AHAM STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

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

Liquidity risk (continued)

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>As at 31.5.2024</u>			
Amount due to Trustee	533	-	533
Fund accounting fee	1,000	-	1,000
Auditors' remuneration	-	10,000	10,000
Tax agent's fee	-	3,500	3,500
Other payables and accruals	-	528	528
	<u>1,533</u>	<u>14,028</u>	<u>15,561</u>

Capital risk

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

3 FAIR VALUE ESTIMATION

Financial instruments comprise financial assets and financial liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets traded in active market (such as trading securities) is based on quoted market prices at the close of trading on the period end date. The Fund utilises the bid price for financial assets which falls within the bid-ask spread.

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

AHAM STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

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

(i) Fair value hierarchy

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

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

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

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>As at 31.5.2024</u>				
Financial asset at fair value through profit or loss:				
- unquoted fixed income securities	-	-	31,221,485	31,221,485
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Derivatives at fair value through profit or loss:				
- unquoted derivatives - options	-	-	127,809	127,809
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

AHAM STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

Level 3 instrument

(i) Unquoted fixed income securities

The Fund invests in unquoted fixed income securities. As observable prices are not available for these unquoted fixed income securities, the Fund has used bond valuation techniques to derive the fair value.

In determining the bond valuation, the issuer utilises internal bond valuation model. The model needs unobservable input factors such as implied yield to maturity, remaining time to maturity and par value of the unquoted fixed income securities.

Unobservable inputs in the bond valuation are:

- Implied yield to maturity: this is based on the issuer's assumption of the level of interest rate, the implied credit spread which is derived from the difference in yield to maturity and/or yield to call of the bond issued by the issuer against the prevailing levels in the comparable government bond with similar tenure.
- Remaining time to maturity: this is based on the remaining days to maturity calculated from the stated maturity date upon issuance of the unquoted fixed income securities.
- Par value of the unquoted fixed income securities: the principal amount of the unquoted fixed income securities upon maturity date.

Inter-relationship between significant unobservable inputs and fair value are:

- The estimated fair value would increase/(decrease) if the implied yield to maturity were lower/(higher).
- The estimated fair value would increase/(decrease) if the remaining time to maturity were lower/(higher).
- The estimated fair value would increase/(decrease) if the par value of the unquoted fixed income securities were higher/(lower).

AHAM STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

Level 3 instrument (continued)

(ii) Unquoted derivatives - option

The Fund invests in one digital call option linked to a basket of 4 Hong Kong listed stocks. These investments have as pricing inputs, components classified within Level 3. As observable prices are not available for these options, the Fund has used valuation techniques to derive the fair value.

In determining the valuation, the option seller utilises the Monte Carlo model. The model needs market observable input factors such as interest rate levels, spot prices of the listed stocks, remaining time to maturity as well as the Option Seller's level of Implied Volatility, Implied Correlation and Net Cost of Borrowing.

Unobservable inputs in the options valuation are:

- Implied volatility: this is based on the Option Seller's assumptions of the level of volatility of each the 4 listed stocks. This can be implied from several factors (but not limited to) such as realised historical volatility of the stock prices. The implied volatility is an internal number of Option Seller.
- Implied correlation: this is based on the Option Seller's assumptions of the level of correlation across the 4 listed stocks. This can be implied from several factors (but not limited to) such as realised historical correlation. The implied correlation is an internal number of Option Seller.
- Net cost of borrowing: the cost of holding the stocks on the Option Seller's balance sheet net of any dividends received from the stocks. This net cost of borrowing is a spread over Hong Kong Interbank Interest Rates ("HONIA") and this is an internal number for Option Seller.

Inter-relationship between significant unobservable inputs and fair value are:

- The estimated fair value would increase/(decrease) if the equity correlation were higher/(lower).
- The estimated fair value would increase/(decrease) if the equity volatility were higher/(lower).
- The estimated fair value would increase/(decrease) if the net cost of borrowing were higher/(lower).

AHAM STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

Level 3 instrument (continued)

The following table presents the movements in Level 3 instruments for the financial period from 23 June 2023 to 31 May 2024:

(i) Unquoted fixed income securities

	Financial period from 23.6.2023 (date of launch) to <u>31.5.2024</u> RM
At the date of launch	-
Purchase	31,411,567
Net change in fair value on fixed income securities at fair value through profit or loss	<u>(190,082)</u>
At the end of the financial period	<u><u>31,221,485</u></u>

The net gain on unquoted fixed income securities is RM190,082.

There was no transfer between levels of fair value hierarchy during the financial period ended 31 May 2024.

(ii) Unquoted derivatives - option

	Financial period from 23.6.2023 (date of launch) to <u>31.5.2024</u> RM
At the date of launch	-
Purchase	1,586,144
Net change in fair value on derivatives at fair value through profit or loss	<u>(1,458,335)</u>
At the end of the financial period	<u><u>127,809</u></u>

AHAM STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

Level 3 instrument (continued)

(ii) Unquoted derivatives - option (continued)

The net loss on unquoted derivatives – option is RM1,458,335.

There was no transfer between levels of fair value hierarchy during the financial period ended 31 May 2024.

4 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum of the NAV of the Fund, calculated and accrued daily.

The Manager did not impose any management fee on the Fund for the current period.

5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.10% per annum of the NAV of the Fund, calculated and accrued daily, excluding foreign custodian fees and charges.

For the financial period from 23 June 2023 (date of launch) to 31 May 2024, the Trustee fee is recognised at a rate of 0.02% per annum on the NAV of the Fund, calculated on a daily basis, as stated in the Fund's Information Memorandum.

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

AHAM STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

6 FUND ACCOUNTING FEE

The fund valuation and accounting fee for the Fund is RM10,000 during the financial period.

7 TAXATION

	Financial period from 23.6.2023 (date of launch) to 31.5.2024 RM
Current taxation	-

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

	Financial period from 23.6.2023 (date of launch) to 31.5.2024 RM
Net loss before taxation	(706,944)
Tax at Malaysian statutory rate of 24%	(169,667)
Tax effects of:	
Investment loss not brought to tax	162,440
Expenses not deductible for tax purposes	4,587
Restrictions on tax deductible expenses for Wholesale Fund	2,640
Tax expense	-

AHAM STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at <u>31.5.2024</u> RM
Financial assets at fair value through profit or loss:	
- unquoted fixed income securities - local	<u>31,221,485</u>
	Financial period from 23.06.2023 (date of launch) to <u>31.5.2024</u> RM
Net loss on financial assets at fair value through profit or loss:	
- unrealised loss on changes in fair value	<u>(190,082)</u>

(a) Unquoted fixed income securities - local as at 31 May 2024 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bond</u>				
0.00% Hong Leong Bank Bhd 24.07.2025 (AAA)	<u>32,771,580</u>	<u>31,411,567</u>	<u>31,221,485</u>	<u>99.36</u>
Total fixed income securities - local	<u>32,771,580</u>	<u>31,411,567</u>	<u>31,221,485</u>	<u>99.36</u>
Accumulated unrealised loss on unquoted fixed income securities - local		<u>(190,082)</u>		
Total unquoted fixed income - local		<u>31,221,485</u>		

AHAM STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

9 DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at <u>31.5.2024</u> RM
Derivatives at fair value through profit or loss:	
- unquoted derivatives - options	<u>127,809</u>
	Financial period from 23.06.2023 (date of launch) to <u>31.5.2024</u> RM
Net loss on derivatives at fair value through profit or loss:	
- unrealised loss on changes in fair value	<u>(1,458,335)</u>

(a) Unquoted options - local as at 31 May 2024 are as follows:

<u>Name of issuer</u>	<u>Notional amount</u> RM	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Option</u>				
Hong Leong Bank Bhd 2 Years Digital Call Option 24.07.2025	<u>32,771,580</u>	<u>1,586,144</u>	<u>127,809</u>	<u>0.41</u>
Total unquoted derivatives – options	<u>32,771,580</u>	<u>1,586,144</u>	<u>127,809</u>	<u>0.41</u>
Accumulated unrealised loss on unquoted derivatives – options		<u>(1,458,335)</u>		
Total unquoted derivatives – options		<u>127,809</u>		

AHAM STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

10 NUMBER OF UNITS IN CIRCULATION

	As at <u>31.5.2024</u> No. of units
At the date of launch	-
Creation of units arising from applications	32,129,000
At the end of the financial period	<u>32,129,000</u>

11 TRANSACTIONS WITH DEALERS

- (i) Details of transactions with the dealer for the financial period from 23 June 2023 (date of launch) to 31 May 2024 are as follows:

<u>Name of dealer</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
Hong Leong Bank Bhd	<u>32,047,328</u>	<u>100.00</u>

12 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>Relationship</u>
CVC Capital Partners Asia V L.P. ("CVC Asia V")	Ultimate holding company of the Manager
Lembaga Tabung Angkatan Tentera ("LTAT")	Substantial shareholder of the Manager
Starlight TopCo Limited	Penultimate holding company of the Manager
Starlight Universe Limited	Intermediate holding company of the Manager
Starlight Asset Sdn Bhd	Immediate holding company of the Manager
Nikko Asset Management Co., Ltd ("NAM")	Substantial shareholder of the Manager
AHAM Asset Management Berhad	The Manager

AHAM STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

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

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

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
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Directors of AHAM Asset Management Berhad	Directors of the Manager
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The number of units held by the Manager as at the end of the financial period as follows:

	As at 31.5.2024	
	No. of units	RM
<u>The Manager:</u>		
AHAM Asset Management Berhad (The units are held legally for booking purposes)	337,689	330,260

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

13 TOTAL EXPENSE RATIO ("TER")

	Financial period from 23.6.2023 (date of launch) to 31.5.2024 %
TER	0.10

TER is derived from the following calculation:

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

A	=	Trustee fee
B	=	Fund accounting fee
C	=	Auditors' remuneration
D	=	Tax agent fee
E	=	Other expenses
F	=	Average NAV of Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM29,750,584.

AHAM STRATEGIC OPPORTUNITY FUND 5

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 JUNE 2023 (DATE OF LAUNCH) TO 31 MAY 2024 (CONTINUED)

14 PORTFOLIO TURNOVER RATIO (“PTR”)

	Financial period from 23.6.2023 (date of launch) to <u>31.5.2024</u>
PTR (times)	<u>0.54</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM32,047,328

total disposal for the financial period = RM Nil

15 COMPARATIVES

There are no comparatives figures as this is the first set of annual financial statements prepared since the launch of the Fund.

AHAM STRATEGIC OPPORTUNITY FUND 5

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 30 are drawn up in accordance with the provisions of the Deed 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 equity and cash flows for the financial period from 23 June 2023 (date of launch) to 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
26 July 2024

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF AHAM STRATEGIC OPPORTUNITY FUND 5

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of AHAM Strategic Opportunity Fund 5 (“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 period from 23 June 2023 (date of launch) to 31 May 2024 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 equity and statement of cash flows for the financial period then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 1 to 30.

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.

INDEPENDENT AUDITORS' REPORT
TO THE UNIT HOLDERS OF AHAM STRATEGIC OPPORTUNITY FUND 5
(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.

INDEPENDENT AUDITORS' REPORT
TO THE UNIT HOLDERS OF AHAM STRATEGIC OPPORTUNITY FUND 5
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund'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 STRATEGIC OPPORTUNITY FUND 5
(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
26 July 2024

DIRECTORY OF SALES OFFICE

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